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World Business Newspaper http://www.FT.com MONDAY APRIL 14 1997

Aid not helping with growth, says World Bank study

Foreign aid to developing countries since 1970 has had no net impact on recipients' growth rates or the quality of their economic policies, says an internal World Bank study. **Page 18**

Clinton sends China signal on HK: President Bill Clinton will underline the importance of Hong Kong in US-Chinese relations by receiving Martin Lee, the leader of the territory's Democratic party. The move will irritate China, which regards Hong Kong's transfer of sovereignty as an internal matter. **Page 18**

More fishing cuts expected: Hefty cuts in both the size of the European fishing fleet and the number of days boats are allowed to spend at sea are likely to be agreed in Luxembourg at a fisheries ministers' meeting. **Page 2**

Anti-sweatshop code: President Clinton is to unveil a code of conduct aimed at improving worldwide sweatshop conditions under which some clothing worn by Americans is produced. Guidelines are understood to include a maximum 60-hour week and a ban on employing children under 15. **Page 18**

Indian coalition may sacrifice PM: Senior politicians of India's Congress party and the United Front said a compromise to salvage the UF government could be "days away". Congress, which engineered the UF's fall by withdrawing support from the minority coalition, said it would renew backing if the UF replaced HD Deve Gowda as leader. **Page 4**

Bidders picked for power auction: A shortlist of at least four bidders has emerged in one of the first of the big power station auctions that will transform the structure of the $250bn a year US electricity industry. They are to make binding bids for New England Energy Systems, based in Massachusetts, which is selling its generation business, with net assets of $1.1bn, as part of the deregulation process. **Page 19**

Westland, the helicopter subsidiary of UK engineering group GKN, has finalised contracts worth £167m ($270m) for its EH101 aircraft, including a civil order in Japan. **Page 19**

Investors see 1999 Emu start: Most of the world's largest institutional investors believe European monetary union will start as scheduled on January 1, 1999, according to a survey by Paribas, the French bank. The number of respondents expecting a prompt Emu start has risen from 86 per cent in January to 97 this month. **Page 2**

Iranians protest against verdict: About 100,000 Iranians marched on the German embassy in Tehran to protest against the German court verdict that implicated Iranian leaders in 1992 political assassinations in Berlin. The crowds shouted slogans against the US and Israel and burned an Israeli flag, but there were no chants against Germany. **Editorial Comment, Page 17**

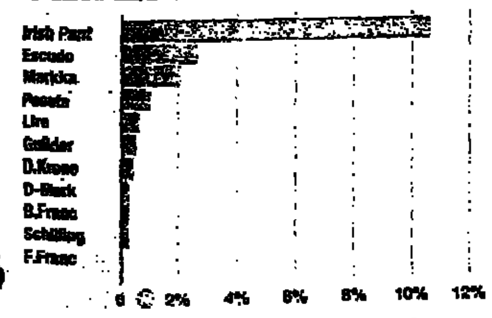
Pope delivers peace plea in Bosnia

Defying death threats and shivering in a snow-swept Kosevo football stadium, Pope John Paul II, left, urged Bosnia's hostile Moslem, Serb and Croat communities to reconcile and renounce the religious hatreds that plunged the country into war. A day earlier, police dismantled a score of anti-tank mines planted on his route from the airport to Sarajevo. **Page 2**

Sport: Canada's Jacques Villeneuve took a 10-point lead in the world drivers' championship, winning the Argentine grand prix ahead of Eddie Irvine of the UK. In football, Chesterfield kept its "impossible dream" alive with a 3-3 draw against Middlesbrough. A replay on April 22 will send the winner to the FA Cup final in Wembley against Chelsea, which won its semifinal 3-0 over London rival Wimbledon.

European Monetary System: The Italian lira surged from eleventh to fifth place in the EMS grid last week, helped by growing confidence that European monetary union will take place on schedule. The Irish punt remained the grid's strongest currency. **Currencies, Page 25**

EMS: Grid April 11, 1997



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

Bank sell-offs to sweep Europe

Cash-strapped nations seek foreign investors

By Anthony Robinson, East Europe Editor

A wave of bank privatisations involving foreign partners is about to sweep through central and eastern Europe, as cash-strapped governments seek to strengthen financial markets and tighten regulation.

Central European finance ministers and bankers are using this year's meeting of the European Bank for Reconstruction and Development in London to attract foreign partners and investors.

The governments' aim is to raise the efficiency of markets and eliminate corruption.

Mr Marek Belka, the Polish finance minister, told bankers attending this year's annual meeting that Pekao SA bank, the former foreign currency savings bank, would be privatised next year.

US banks, led by Citibank, and European banks, such as ING and ABN Amro of Holland and the Austrian banks, have been the fastest to build networks or find local partners in the region.

Last week Allied Irish Bank acquired a majority stake and management control of Wielkopolski Bank Kredytowy of Poland. It is the first of the nine commercial banks, hived off from the Polish national bank at the start of bank reform in 1989, to pass into foreign hands.

Bank Handlowy, the former foreign trade bank, is currently selecting an overseas strategic partner and preparing its first public offer on the Warsaw Stock Exchange. "We'll be naming a partner shortly," said Mr Cesary Stypulkowski, Handlowy's president.

Bulgaria intends to revamp its financial sector through privatising the six biggest state banks this year. The economy came close to collapse last year following the closure of 14 banks amid evidence of widespread fraudulent lending. Mr Alexander Boshkov, the deputy prime minister, yesterday invited foreign banks to bring the sector up to international standards.

Senior Czech bankers report that the government has finally acknowledged the deficiencies of the Czech banking and regulatory system. Last week the deputy finance minister was forced to resign for lax supervision of financial markets. The government used this to demonstrate its commitment to introducing a US-style independent stock exchange commission this year.

The Czech government is to review its financial policy at a strategy meeting between the government, central and commercial banks on Wednesday.

Mr Vaclav Klaus, the prime minister, said in Prague that a series of measures affecting budgetary and monetary policy, banking privatisation and foreign trade would be announced. But the president of one of the biggest banks told the Financial Times yesterday that the measures would not include devaluation of the Czech koruna or the imposition of import surcharges.

Czech markets were unsettled last week on speculation the government would introduce such measures to cut a soaring trade deficit. There is also concern among analysts that incestuous relations between Czech banks, companies and investment funds are damaging competitiveness by forcing companies to over-borrow from banks.

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Observer, Page 17

Ford's assembly lines will now be virtually foolproof

By John Griffiths

Ford Motor Company, the second biggest car maker in the US, is introducing "virtual" assembly lines using advanced computer technology to test new production layouts on screen.

The visually-spectacular technology – called C3P – shows "virtual" workers stretching, leaning and wielding tools, enabling Ford to test the new assembly line for practicality and efficiency.

The system, which the company says is a breakthrough for the entire industry, will allow it to cut $200m a year off development costs for new models. Ford says that within two years it will be modelling all new plants and products.

Company executives in charge of the project in Dearborn, Michigan, say the virtual assembly line will end trial and error in setting up production for new models and reduce the process by nine months – a third of the time needed to take a car from initial design to commercial production.

"It represents the most fundamental change in the computer-aided infrastructure ever undertaken at Ford," said Mr Neil Reissler, vice-president of Ford's Advanced Vehicle Technology group.

The same technology will allow Ford to create all the components of the car in a three-dimensional form which engineers and designers can manipulate on screen as though they were building a prototype car from hard parts.

By integrating both aspects of the technology, Ford will soon be able to construct a complete "virtual" car on its "virtual" assembly line.

"It means we can eliminate a whole phase of building prototypes in the metal, as well as design a production line which we know is going to work before we start building it," said Mr Mark Phillips, manufacturing systems supervisor for Ford's global final assembly engineering operations.

The technology also has major implications for Ford's large suppliers, who are increasingly being required to design and develop complex component assemblies for car makers, when it is introduced to them worldwide.

They will be expected to use the technology to design and develop these assemblies and make sure they are compatible with Ford's virtual systems.

The technology gives them the opportunity to create and prove their own assembly processes on screen – multiplying Ford's cost savings.

Engineers at Ford's Product Development Centre in Dearborn and its Aveley advanced engineering venture in the UK are using the systems to design assembly processes for plants around the world.

The technology, which is still being refined, is understood to have played a significant role in the development of the new "world" Escort to be launched next year.

Serbs queue at a polling station in Vukovar yesterday during elections in eastern Slavonia, Croatia's last Serb enclave. Polling was extended for a day after ballot papers failed to arrive in many areas. Milosevic set to keep grip on Serbia, Page 2. Picture: AP

Loan rates fall for eastern Europe

By Richard Lapper, Capital Markets Editor

Competition between western banks for business in emerging markets is helping some borrowers from eastern Europe and north Africa obtain syndicated loans at rates close to their counterparts in western Europe.

Rates for borrowers from countries such as the Czech Republic and Hungary have been falling for 18 months, but on some deals last week the interest rates agreed were exceptionally tight by recent standards.

The Greek government obtained a $1.1bn loan at a rate of just a quarter of a percentage point over Libor, the rate at which banks in London lend to each other. This compares with nearly half a percentage point over Libor when it borrowed last year and four fifths of a percentage point over Libor when it contracted loans in 1994 and 1995.

In another deal, Egypt's Commercial International Bank is understood to be borrowing $100m – its first ever international loan – at only two-fifths of a percentage point over Libor.

"The European emerging market has become even more bankable," said bankers at Union Bank of Switzerland, the Swiss bank. "Central European markets have been seeing the benefit but now the quieter regions are also reaping the rewards."

By contrast, loan rates for western European companies – which can sometimes be less than a fifth of a percentage

Continued on Page 18
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Wall St expects clues to interest rate rise this week

By Tracy Corrigan in New York

Economic data due this week will give Wall Street investors the chance to assess when and by how much the Federal Reserve will raise US interest rates.

On Friday, the growing assumption that the Fed will soon raise rates pushed the US stock market for the first time below the level at which it started the year.

The bearish mood gripping the markets could trigger further stock and bond weakness this week. The Dow Jones Industrial Average fell nearly 150 points on Friday to 6391.69, having ended 1996 at 6448.27.

"Virtually every demand-side indicator has met or exceeded market expectations, pointing to stronger-than-expected growth and renewed pressures on capacity," said Mr Robert DiClemente, of Salomon fixed-income research. "The data over the next several weeks likely will not change this picture, and thus will continue to lay the groundwork for another 25 basis point hike in the funds rate."

Economists at Donaldson, Lufkin & Jenrette describe it as "virtually certain" that rates will be increased at the next Federal Open Market Committee meeting of Fed officials on May 20.

The Fed increased its short-term interest rates by one quarter of a percentage point on March 25 – the first increase for two years.

"We are assuming, for the moment, that the policy move will be confined to 25 basis points, although considerable discussion of a 50 basis point move appears likely," DLJ cautions.

Mr DiClemente also warns that "unpleasant surprises in upcoming consumer price and employment cost data and persistent strength in demand indicators may begin to stir up official sympathy for a half-point tightening".

Among the data to be released in the US this week are March consumer prices, housing starts, capacity utilisation and industrial output.

After signs of rising consumer credit and retail sales, analysts will be looking for scattered price rises in the March consumer price data and mild accumulation in inventories, both due for release tomorrow. Attention will then shift to housing starts and industrial production figures on Wednesday.

But given the hawkish stance of the Fed, which has attracted criticism from pro-growth politicians and economists, it will not take dramatic evidence of inflation to fuel what Philip Braverman of Nikko calls "fears of yet another inappropriate Fed firming". This week also sees a heavy schedule of first-quarter corporate earnings, with results due from some of America's largest companies such as Coca-Cola and Intel.

The evidence from reports out so far is that earnings growth remains robust.

Key figures to be released in the UK this week are also expected to show rapid growth.

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Ministers' meeting likely to agree curbs on number of days boats are allowed at sea

European fishing fleet faces big cuts

By Maggie Urry

Hefty cuts in both the size of the European fishing fleet and the number of days boats are allowed to spend at sea are likely to be agreed in Luxembourg at a fisheries ministers' meeting beginning this afternoon.

Proposals for a cut in capacity of 20 per cent or more over the next three years are on the table after previous attempts at agreeing a 40 per cent cut over six years failed last October.

Cuts are intended to match fishing capacity to available fish stocks, which are considered to be under threat. The new agreement will be the fourth generation of the so-called Multi-Annual Guidance Programme (MAPG IV). It should have begun on January 1 and is due to run until December 31 1999.

The proposal from the Dutch presidency of the EU puts more emphasis on days-at-sea restrictions, a means which Ms Emma Bonino, European commissioner for fisheries, put forward last year.

Such restrictions on fishing "effort" already apply in the Netherlands, where a market in "days" has sprung up.

The compromise has won support from Spain, France and Germany.

However, virtually all member states are expected to support a deal because they have been starved of EU grants to decommission boats since MAGP III expired at the end of 1996.

Even so, fisheries ministers are likely to press for a more flexible deal so that each member state can negotiate individually with the European Commission over how to achieve reduction targets.

The UK may be alone in voting against a deal. Mr Tony Baldry, UK fisheries minister, said that although the UK would be bound by any deal agreed in Luxembourg, the government would not implement it until the issue of quota-hopping had been resolved.

Mr Baldry said 26 per cent of all boats over 10 metres registered in the UK were quota-hoppers as they were foreign-owned and crewed and did not land their fish in British ports.

He said that the UK could achieve the agreed fleet cuts simply by decommissioning the quota-hoppers.

However, the problem could only be solved by treaty changes at the inter-governmental conference in June.

Mr Barrie Deas, of the National Federation of Fishermen's Organisations, said the UK industry opposed the proposals, and particularly the greater emphasis on days-at-sea restrictions, as they would "remove any prospect of equal treatment between member states".

Meanwhile Mr Michael Portillo, the British Euro-sceptic defence secretary, seemed to raise the stakes in the dispute when he warned that a Tory government was prepared to veto the IGC "unless we get a change on quota-hopping".

Liechtenstein prince caught in changing political world

Prince Hans-Adam II of Liechtenstein, one of the last European monarchs with real power, could soon have a fight on his hands.

After nearly 60 years, the country's coalition government has fallen apart. From today, when the prince swears in the new government of Mr Mario Frick, the fairy tale world of Liechtenstein politics will be enlivened by the presence of a significant opposition party.

The change could bring to the boil constitutional issues about the role of the Liechtenstein royal family which have been simmering for years.

Prince Hans-Adam's father, Prince Joseph 11, was an active monarch who put Liechtenstein on the map. The current publicity-shy prince, 52, has no intention of being demoted to a ceremonial head of state, like the rest of Europe's monarchs. He no longer has his own army, but he does live in a 13th century castle with a drawbridge, and can still sack his prime minister.

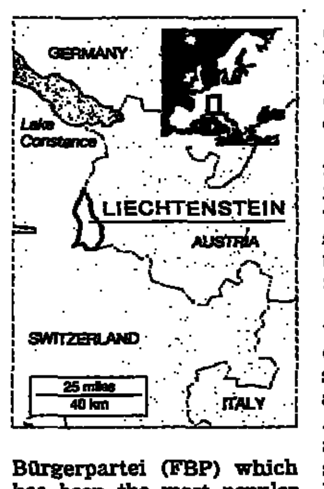
Until this year Liechtenstein, wedged between Switzerland, Austria and the river Rhine, was home to Europe's longest surviving coalition government, formed in 1938 in the face of a threatened German invasion.

Prince Hans-Adam, whose family bought the 160 sq km country in 1699, oversees his country from his castle above the capital of Vaduz. He welcomes the change. "It will add to the transparency in political life and increase the importance of parliament," he says.

However, Liechtenstein's 14,000-strong electorate is starting to get restless. In 1992 the prince and his parliament fell out about the best way to win public support for membership of the European Economic Area.

The following year he dissolved parliament rather than agree to sack an unpopular prime minister. More recently he has been involved in a row with Mr Herbert Wille, a judge who dared suggest that Liechtenstein's supreme court, rather than its prince, should have the final say in constitutional issues.

Meanwhile, in 1993, for the first time since the second world war, another political party emerged – the Freie Liste, an ecological party. It started taking votes away from the Fortschrittliche



Bürgerpartei (FBP) which has been the most popular party for most of the last 70 years.

The FBP, which now has only 10 seats in parliament compared with the 13 seats of Mr Frick's Vaterländische Union (VU) and the Freie Liste's two, now feels its best way forward is to be seen as a fully fledged opposition party.

Although the VU is known as the "red" party and the FBP as "black", both are liberal/conservative parties which have many policies in common. Hence, the FBP needs to carve out a high-profile niche for itself and it is likely to be only a matter of time before the opposition takes aim at Prince Hans-Adam's powers to sack the government and appoint the country's judges.

The prince is keen to settle the uncertainties over his role. He admits the constitution gives the monarchy considerable powers, but argues they have been used effectively.

"If my father had not used them at the time of the second world war, Liechtenstein might not have been able to avoid the Anschluss," he says. It is also unlikely that Liechtenstein would have joined the EEA in 1995 if he had not taken the lead.

Virtually every parliamentary decision in Liechtenstein can be put to popular vote. However, the prince has an absolute veto which means all important decisions must be agreed by both sides.

The prince insists he will exercise his powers only if the people wish him to do so. On the other hand, if the royal family is "to continue to provide the head of state there should be certain conditions attached". The most important of these is that his family's autonomy should be respected.

Prince Hans-Adam II: welcomes change

"The problem should be sorted out sooner rather than later. However, I do not regard it as a big problem. The final say will be with the people and not the parliament. The majority of the people want to keep the reigning prince and also let him have his say."

However, the prince may be underestimating the new opposition.

Last week the FBP recommended that Mr Wille be reappointed as president of the administrative court of appeal, which hears complaints about government decisions. If the prince blocks the appointment the dispute could end up in the European Court of Human Rights in Strasbourg.

The prince, for his part, has made it clear he sees no point in being just a "ribbon-cutting figure head". But if that is what Liechtenstein wants then he will abdicate. As one of Europe's wealthiest businessmen, it is a threat he could afford to carry out.

William Hall

Investors voice Emu confidence

By Wolfgang Münchau, Economics Correspondent

Most of the world's largest institutional investors believe European monetary union will start as scheduled on January 1 1999, according to a survey by Paribas, the French bank.

The number of respondents expecting a prompt Emu start has risen from 86 per cent in January to 97 per cent this month.

All 86 institutional investors who responded to the survey said Emu would take place.

The results of the April survey are surprising. There has been speculation in financial markets that Emu may be delayed because of Germany's difficulties in meeting the economic criteria set down in the Maastricht treaty.

Ms Mary Bloem, Ecu bond strategist at Paribas, said: "The figures appear to suggest that investors are not putting their money where their mouth is."

The survey also reflects expectations that Emu will initially proceed with just a small group of countries. Germany, France and the Netherlands are seen as 100 per cent certainties to take part in the first wave in 1999.

The participation of Luxembourg, Belgium and Austria is expected by more than 90 per cent of respondents, while 76 per cent believe Ireland will be in the first group.

Only one institutional investor said the UK would take part in 1999. This compared with 9 per cent of investors in January who thought the UK would take part, and 16 per cent last June.

Only 17 per cent of respondents said they believed Italy would be part of the first wave, unchanged from the results in two previous surveys.

Taken together, the data imply not only renewed optimism about Emu but appear consistent with the preferred options of several EU central banks and finance ministries, which want Emu to kick off with a relatively small number of participants to minimise the risk of political, economic and market disturbance.

According to the latest survey, Greece and the UK are least likely to participate in monetary union in 1999.

Few fears over supplies after gas liberalisation

By Robert Corzine

A big majority of industrial and commercial natural gas consumers in the European Union say the proposed liberalisation of the EU gas market is unlikely to pose a threat to security of supplies.

A survey by Price Waterhouse, the accountants and management consultants, of 300 big natural gas users in the EU shows that 80 per cent of those questioned do not see security of supply – entrenched by long-term contracts between producing and consuming countries of more than 20 years – as a key issue.

This view is in sharp contrast to the attitude of their biggest suppliers – the national gas monopolies – some of which have argued that the introduction of competition to the $100bn a year European gas industry could threaten security of supplies.

Some EU member states have used the security of supply argument to try to limit the scope of a proposed gas directive now under discussion in Brussels. They argue that liberalisation of the industry could undermine the long-term fixed price "take-or-pay" contracts on which security of supply has traditionally been defined.

At present the EU imports much of its gas from big producers from outside the Union, including Russia, Algeria and Norway.

But the survey found that large gas consumers appear confident that supplies would not be threatened by liberalisation.

Industrial gas consumers of the type interviewed in the survey have been the driving force for liberalisation. They have argued that the generally high cost of gas in continental Europe relative to the UK and the US puts them at a competitive disadvantage.

The survey showed that 82 per cent expect liberalisation to result in lower gas prices, with 63 per cent saying that price alone will determine who they will buy gas from in a competitive market.

But the study also showed that most big consumers do not expect liberalisation to be a very quick process.

INTERNATIONAL NEWS DIGEST

Pope in plea to Bosnians

Pope John Paul urged Bosnia's hostile Moslem, Serb and Croat communities yesterday to seek reconciliation and renounce the religious hatreds that plunged the country into Europe's worst war for half a century.

Shivering in the wintry chill at a snow-swept Kosevo football stadium where he celebrated mass, the 76-year-old Pope told 35,000 worshippers: "Let us forgive and let us ask for forgiveness... We cannot fail to undertake the difficult but necessary pilgrimage of forgiveness, which leads to a profound reconciliation."

The Pope began his first visit to Sarajevo on Saturday in defiance of an apparent assassination threat. Police dismantled more than a score of anti-tank mines planted on his route from the airport to the city centre.

Police had no indication of who was responsible for the threat to the Pope, who narrowly escaped death when he was shot by a Turkish gunman in St Peter's Square in 1981. Referring to the threat to the Pope, Mr Carl Bildt, the international High Representative to Bosnia, said: "It is worrying. We are looking into the details of that now but it is still too early to make a definite assessment of what it was."

Reuter, Sarajevo

Accord on German pensions

Pension experts from the Bonn governing coalition parties yesterday reached an unexpectedly early agreement on proposals for reforming Germany's expensive pay-as-you-go index-linked pensions system.

A meeting of specialists from the Christian Democratic Union (CDU), Christian Social Union (CSU), and the Free Democratic party (FDP) agreed that the value of pensions should be cut over the long term from 70 per cent of earnings to 64 per cent.

The proposals have still to be discussed by leaders of the coalition parties. Mr Norbert Blüm, labour minister, who chaired yesterday's talks, has also invited the opposition Social Democratic party (SPD), which dominates Germany's second chamber of parliament, to take part in talks. "It does no party good if pensioners are made an election theme," he said.

Ralph Atkins, Bonn

Germany economy: A joyless recovery, Page 17

Agnelli heir has 'tumour'

Mr Giovanni Alberto Agnelli, the nephew and appointed heir of former Fiat chairman Gianni Agnelli, yesterday said he had a rare but curable stomach tumour. "I have to stay for a few months in the US because of a health problem that I have discovered only a few days ago," he said in an interview with La Stampa newspaper.

Mr Agnelli, 33, is chief executive of the Piaggio scooter-maker and sits on the board of Fiat, Italy's largest private company.

Reuter, Rome

Malaysia state chief quits

The chief minister of Malaysia's Selangor state, Mr Muhammad Taib, has resigned to spare his country's leadership disgrace should he be found guilty in a trial in Australia. No replacement has yet been named to run the important state, which borders the capital, Kuala Lumpur.

Dr Mahathir Mohamad, the prime minister, announced the resignation at the weekend after a meeting of the supreme council of the United Malays National Organisation (Umno), the dominant party in Malaysia's ruling coalition.

Mr Muhammad, 51, is scheduled for a trial in Brisbane in August after being detained at the city's airport last December for failing to declare the equivalent of A$1.26m (US$980,000) he was carrying in cash. Under Australian law, it is an offence to leave the country with more than A$5,000 in undeclared cash.

Dr Mahathir said while corruption was discussed at length at the Umno meeting, Mr Muhammad's decision to resign had been his own.

James Kynge, Singapore

Singapore property curb

Singapore has announced tighter mortgage rules for buying government-subsidised flats in an attempt to curb property speculation and stop wealthy people abusing a scheme intended for the less well off.

The new rules, announced at the weekend, relate to flats built by the Housing Development Board (HDB) in which about 85 per cent of the island's householders live. Property analysts said the measures would damp demand not only for HDB housing but also for private properties, and could unsettle confidence in the shares of real estate companies on Singapore's stock market.

But in the longer term the rules would help prevent the type of excessive property speculation and imprudent borrowing that have contributed to the financial problems of Thailand. The curbs imposed last May on the city's private residential property market remain in force.

Under the new restrictions, buyers can get only two subsidised loans rather than an unlimited number. Such subsidised loans are generally priced at about two percentage points below the market rate. The restrictions are to take effect over the next few months.

James Kynge

Taiwan move on derivatives

Taiwan is set to allow the issuance of warrants on Taiwan stocks mid-year in a long-awaited easing of strict controls on derivative instruments in the island's capital markets. The finance minister, Mr Paul Chiu, said at the weekend the regulatory change was expected to be approved by cabinet at the end of April and take effect by the end of June.

Both domestic and foreign financial institutions will be allowed to issue warrants, which will be traded on the Taiwan stock exchange.

Banks and securities brokerages must have a minimum capital of T$3bn (US$109m) to launch warrants on local listed companies.

Laura Tyson, Taipei

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NEWS: EUROPE

European Bank for Reconstruction and Development's annual meeting in London

Russian growth hopes increase

By Anthony Robinson, East Europe Editor

EBRD

Economic chaos and recession in Russia have made central Europe's transition to capitalism both harder and more urgent over the last seven years.

But as the European Bank for Reconstruction and Development today begins the formal sessions of its annual meeting, hopes are rising that the Russian reform process is moving to a higher gear and that the elusive return to growth is now in sight.

A sustained recovery in the Russian market would boost already rising central European exports to the east. It would also help cut their sharply rising trade deficits with the European Union, the main source of capital and intermediate goods needed to sustain the investment surge now increasing productivity and quality.

The EBRD, in its latest transition report, says that "recent developments in market-oriented reform suggest that the investment climate is improving in most countries of the region".

But it adds that "significant challenges remain in deepening reforms, maintaining stability and adapting institutions and behaviour" to further enhance the investment climate.

It cites Bulgaria's recent near-collapse as an illustration of the dangers of delaying structural reforms.

Thus far only the fast-track reforming central European and Baltic states have reached or are in sight of the steady 4-6 per cent annual growth needed to reduce the gap in living standards between both halves of Europe.

Only Poland has returned to pre-1989 gross output levels.

But more countries are heading for economic recovery as the accumulated experience of the last few years underlines the importance of strengthening financial, legal and other market-orientated institutions to create a firm basis for future growth.

The EBRD notes that economic growth is one of the fruits of the transition process and that success tends to breed further success by attracting higher investment.

Poland, the fastest growing medium-sized economy in Europe, has seen foreign investment double every year for the last 2-3 years and is now poised for the privatisation of its biggest and most attractive banks and large enterprises, which will ensure further inflows over the next two years.

Higher productivity, linked to privatisation and foreign investment, is the key to sustainable growth. Hungary, which has just achieved a remarkable turnround after two years of rapid privatisation and export-led growth at the expense of living standards, has emerged as the productivity champion.

Bulgaria and Romania are among several Balkan states which are seeking to emulate the Hungarian example.

While most countries in the region are primarily concerned with attracting foreign investment, Russia's priority is to reverse the outflow of capital, which reached dramatic proportions in the run-up to the presidential elections last year.

IMF loan deal for Bulgaria approved

By Anthony Robinson

Bulgaria's plans for a rapid financial turnround based on cash privatisation to mainly foreign investors have been strengthened by the IMF board's go-ahead on Friday for a $658m loan package and a further $400m in funding from the group of 24 industrial countries.

Mr Alexander Boshkov, deputy prime minister until elections next weekend, yesterday cited the "billion dollars of financing from the international financial institutions" as a further inducement for foreign private investors to buy six state banks and other state assets now on offer at fire-sale prices.

He pledged that "all the proceeds of privatisation, [which includes the sale of a majority stake in the Bulgarian Telecommunications Company] will be transfered to the budget in transparent fashion".

This was meant to reassure investors that the two months since the Socialist government was replaced by a caretaker government led by Mr Stefan Sofianski, of the pro-market Union of Democratic Forces (UDF), have seen a fundamental change in the political environment and the government's commitment to transparency and honest dealing.

"Investors will be encouraged to do their own due diligence on potential acquisitions, the ban on foreign ownership of land will be reviewed in July and all state monopolies which distorted competition in the past will be ended by the end of the year. Investors who put in over $10m and pledge further investment will benefit from favourable tax treatment" he added.

The EBRD, which was only able to invest 20 per cent of its Ecu220m ($250.8m) Bulgarian project portfolio in the hard-pressed private sector under the old regime, plans to expand its lending as the economy shifts to a privatised basis.

Bankers left perplexed by Lebed's debut

By Anthony Robinson and Arkady Ostrovsky

General Alexander Lebed – ramrod-straight and beetle-browed – made his debut pitch to the international financial community at the weekend, and left it perplexed rather than inspired.

The former paratroop general – who, when President Boris Yelsin's national security adviser, brokered peace in Chechnya only to fall foul of the vicious infighting of Kremlin politics – put himself forward as a man "who not only knows but feels" his country.

The key to Russia's future was integration into the global economic system, he told a conference organised by the Central European Economic Review, before adding "while keeping its national soul and characteristics and the specific economic features determined by its size, its powerful energy and resource base and its land".

Russia must "enter the world economy on an equal footing. But our partners must stop demanding blind obedience to standard economic programmes in a non-standard situation and take calmly developments which reflect our national characteristics".

The problem with this appeal for Russia to be treated by potential investors as a special case is that most of those who listened to the general are withholding their investments precisely until Russia has more of the standard characteristics – such as enforceable contracts and transparent corporate management – which the more advanced countries in central Europe and other emerging markets can now provide.

The general's denunciation of a Russia run by a government of "Soviet era mutants" who "want to transform themselves from pirate to gentlemen in their own lifetime" by looting former state-owned assets and transfering capital abroad, leaving millions in poverty, was also double edged.

It helped to explain why Mr Lebed won 15 per cent of the vote in the presidential election but it left unanswered the question of how to convert first generation robber-barons into legitimate capitalist generators of jobs and investment.

Alexander Lebed (left) chats with world chess champion Garry Kasparov before giving his address yesterday AP

In an interview after his public speech to bankers he rejected western and Russian government criticism of the autocratic tendencies of Mr Alexander Lukashenko, the Belarusan president. Mr Lebed stressed that "Russia, Ukraine and Belarus are brother countries with one historical and linguistic root. I myself am half Russian and half Ukrainian."

He did not want to recreate the Soviet Union as a response to the enlargement of Nato. "But with Belarus, for example, we should draw up a serious agreement regulating the tax and customs regime and aim at an integration which would make life easier – just as the countries of western Europe are unifying and co-operating."

The former general's talk of brotherhood and Russia's uniqueness reminded one Polish banker of an old Polish joke. A small boy, puzzled by slogans about the unbreakable friendship and brotherhood between the Soviet and Polish peoples, asked his father: "Daddy, are the Russians our friends or our brothers?" After a moment, the father replied: "Son, the Russians are our brothers. You can choose your friends."

Clash over Russia's prospects

By Arkady Ostrovsky and Anthony Robinson

Russian politicians and western bankers disagreed at the weekend about prospects for the Russian economy.

Mr Ronald Freeman, the outgoing first vice-president of the EBRD, said Russia would show strong growth in 1997, but Mr Grigory Yavlinsky, leader of Russia's liberal Yabloko party, said gross domestic product would continue to decline.

The EBRD says the Russian economy will grow at 1.5 per cent this year compared with an estimated 6 per cent decline in 1996. But Mr Yavlinsky rejected such optimism, forecasting a further 2.5 per cent decline in GDP. He also said the government would be unable to sustain a current inflation rate of 22 per cent.

He blamed the government for concentrating on macroeconomic stabilisation at the expense of breaking up monopolies.

"The monopolistic structure of the Soviet economy is still in place. And the real privatisation is still ahead of us," he said. Mr Yavlinsky warned investors not to be seduced by the bustle of the new Moscow. "Seventy six per cent of all direct foreign investment in Russia last year was concentrated on Moscow."

The spirited debate between Mr Freeman and Mr Yavlinsky reflects the contrast in the attitude of Russian and western businessmen towards Russian reforms. While westerners increasingly invest in Russian shares and bonds, Russians prefer to keep their capital abroad. The flight of capital from Russia last year reached $22.3bn.

But Mr Freeman said much of this capital came back to the country in a different form. "A lot of this apparent flight capital is two-way money. Because of unreasonably high taxes, many Russian businessmen put their cash into foreign banks and than bring it back as a bank loan in order to avoid taxes."

Mr Alexei Kudrin, first deputy finance minister, said a new tax code, aimed at simplifying the tax system in order to attract more investment, would be introduced to the state Duma later this month.

Mr Peter Boone, director of the post-communist reform programme at the London School of Economics, warned that the large inflow of capital into Russia could lead to trouble. He said this was "the same type of danger as led to the crisis in Latin America. If you borrow and do not use it efficiently, eventually you will not be able to repay it."

Organised crime revenues at $900m

By Kevin Done, East Europe Correspondent

Organised crime will continue to be a serious issue for investors in the former Soviet Union and in central and east Europe for "years to come", according to Mr Richard Prior, associate managing director of Kroll Associates, a US corporate investigation company.

Organised crime had a deep penetration into the Russian economy, was large and well-armed and had revenues last year of about $900m, Mr Prior told a seminar at the annual meeting of the European Bank for Reconstruction and Development called to launch a campaign to promote sound business standards and corporate practices in east Europe.

"Some of the most significant entities in the Russian economy today were born of criminal origins," he said.

"We constantly observe the process by which individuals and businesses, which three or four years ago would by most international standards be regarded as criminal or semi-criminal, are transforming themselves, often with the assistance of public relations specialists, into paragons of civilised corporate and individual citizenry."

Mr Prior said that foreign investment in the former communist countries of eastern Europe should not sponsor the growth and prosperity of criminally oriented organisations.

Ethical standards of investment were needed to enhance the development of a fair market to marginalise organised crime. Maintaining high ethical investment standards included "bothering to conduct searching due diligence investigation".

Russian organised crime had business interests in other countries of east and central Europe, and there was some likelihood of encountering it in nearly all European emerging markets, warned Mr Oleg Babinov, associate director of Kroll.

"A background inquiry of potential criminal affiliations is an essential element of proper due diligence in relation to any sizeable business deal or strategic investment decision in new Europe," he said.

The process of marginalising organised crime in Russia had begun, said Mr Prior, as a result of the growth of "immensely powerful" financial industrial groups."

The previous alliance between the state and the black economy, which broke down with the collapse of the Soviet Union, was being replaced by an alliance between the state and big business. The war for control over some of the former Soviet Union's most valuable assets still continued, although the big battles had already been won and lost.

Milosevic set to keep his grip on power

Weakened but refusing to bow out after nearly 10 years at the top, Mr Slobodan Milosevic, Serbia's Socialist leader, is manoeuvring to prolong his hold on power by becoming president of the Yugoslav federation.

The Serbian constitution bars Mr Milosevic from running for a third term as president when his tenure expires in December. Any attempt to remove this obstacle is likely to reignite the three months of street protests that foiled his effort to nullify opposition victories in last November's local elections.

But with the backing of his allies in the small republic of Montenegro, Mr Milosevic can be appointed president of Yugoslavia by the federal assembly without having to face a potentially hostile electorate.

Analysts say this may happen as early as June, at the end of the four-year term of the current president, Mr Zoran Lilic, who is a faithful ally of the Serbian leader.

The transition will not be easy and has already led to a rift between the president and prime minister of Montenegro, the only other republic that decided in 1992 not to follow the sometimes bloody path to independence pursued by Slovenia, Croatia, Bosnia and Macedonia.

Mr Stojan Cerovic, a journalist and commentator, said Mr Milosevic appeared to be banking on boosting the largely figurehead position of the Yugoslav presidency and getting one of his allies elected as Serbian president in his place. "He is weaker, of course, but the opposition Zajedno coalition is almost falling apart."

Diplomats caution that the reclusive Mr Milosevic is as unpredictable as ever but that the process of moving house appears to have begun.

Last month he engineered a reshuffle of the Yugoslav government, most importantly appointing Mr Zoran Sokolovic, the Serbian interior minister, to the same federal post.

In an apparent sweetener for the Montenegrins, who make up just 5 per cent of Yugoslavia's total population of more than 11m, the impoverished southern republic was given nine of the 22 ministerial positions.

The deal appears to have satisfied Mr Momir Bulatovic, the president of Montenegro. He pronounced last week that his Democratic Party of Socialists would back a proposal by the ruling Serbian Socialist party to nominate Mr Milosevic for the Yugoslav presidency, but added that the federal constitution would not be amended.

"We are too afraid to get too close into his arms," said a senior politician from Montenegro.

Mr Cerovic predicted that Mr Milosevic "will try to make his position stronger informally by moving the Serbian police to the federal level".

The Serbian machinations have led to an open row between President Bulatovic and his popular prime minister, Mr Milo Djukanovic, who has criticised Mr Milosevic but has denied reports he wants to lead a breakaway Montenegro. Mr Djukanovic is, however, ready to create Montenegro's own currency to replace the Yugoslav dinar should Serbia reignite the hyperinflation of the early 1990s.

"I believe it would be politically wrong for Milosevic to remain in any office in the Federal Republic of Yugoslavia... Milosevic's political thought is outdated," Mr Djukanovic told the Belgrade magazine Vreme in February in an interview that shocked the Serbian Socialists.

Mr Djukanovic was ousted last month as vice-president of Montenegro's ruling party, but has so far thwarted attempts by Mr Milosevic, through his ally Mr Bulatovic, to remove him as prime minister along with his key backers, including the head of Montenegro's security services.

'He is weaker, of course, but the opposition coalition is almost falling apart'

Should Mr Milosevic be appointed head of the Yugoslav state in June, then elections for the vacant Serbian presidency must be held within two months.

The three leaders of the pro-democracy Zajedno (Together) coalition, which won 14 cities in November's local elections, are campaigning for a new electoral law and free media. Zajedno is threatening to boycott the elections if its demands are not met.

Diplomats said the fragile coalition was struggling to maintain the momentum of the three months of mass street protests that forced Mr Milosevic in February to recognise their local election victories.

Mr Vuk Draskovic, a promonarchist and nationalist who heads the Serbian Renewal Movement, has declared himself ready to run for the presidency. But the leader of the Democratic party, Mr Zoran Djindjic, has pointedly said it is too early to name a candidate.

Mr Milosevic's choice for his successor remains unknown.

Two possible contenders are Mr Lilic, the Yugoslav president, and Mr Dragan Tomic, the speaker of parliament who enraged many Serbs by describing pro-democracy demonstrators in Belgrade as "fascists".

Guy Dinmore

NEWS: INTERNATIONAL

United Front discusses leadership change as means of staying in power

India parties edge nearer deal

By Mark Nicholson in New Delhi

Senior politicians of India's Congress party and the United Front said yesterday they could be just "days away" from a compromise that would salvage the UF government.

Hopes of a deal followed an offer by Congress, which precipitated the downfall of the UF by withdrawing support from the minority coalition, leading to its defeat in a confidence vote on Friday. Congress said it would renew "unconditional" backing for the UF if it replaced Mr H.D. Deve Gowda as leader.

The offer was said to have *the support of Mr Sitaram* Kesri, Congress president, who looked increasingly isolated after signs of rebellion among party MPs over his move to bring down the 10-*month-old* government.

UF leaders met last night to discuss a leadership change, which the 13-party coalition had resisted before the vote. Afterwards leaders *said they remained united* behind Mr Deve Gowda but that there would be further talks. Mr Jaipal Reddy, UF spokesman, said the party's steering committee would make a "final, final, final" decision on Thursday.

The two sides have a week in which to find a way out of the impasse, following the decision after Friday's vote by President Shankar *Dayal Sharma to appoint Mr* Gowda as caretaker prime minister until parliament reconvenes on April 20.

The UF was reported in the Indian press to be *divided over the leadership* issue, with leaders from India's two main communist parties strongly opposing any change and Mr Gowda said to prefer resistance to *Congress's fresh overtures* and to go to the polls.

However, a senior UF politician, speaking before last night's meeting, said: "It looks as though the result will be a change of leadership and that a chastened Congress will offer its support to us."

Congress and UF leaders continued informal talks in an attempt to resolve the *two-week-old impasse and* avoid the need for fresh elections. The fresh Congress offer followed a Saturday meeting of 100 of the party's 142 MPs in which Mr *Kesri's move was widely* criticised as unnecessary.

"Everybody is scrambling to survive the disaster which nobody wanted," said Mr A.R. Antulay, a Congress leader. "Only a very few people worked for this crisis to happen."

Another Congress politician said: "We are hopeful of forming a government with the United Front."

The likeliest replacements for Mr Gowda would be Mr I.K. Gujral, caretaker foreign minister, Mr Chandrababu Naidu, chief minister of Andhra Pradesh state, and Mr G.K. Moopanar, leader of the Tamil Maanila Congress, a regional party formed by breakaway Congress members before last year's election.

Separately, Mr P. Chidambaram, caretaker finance minister, said he was confident that his widely applauded tax-cutting budget would be passed by a special session of parliament after April 20, whether or not the UF government was reconstituted.

Mr P.A. Sangma, speaker of parliament, met Mr Sharma at the weekend to request a special budget session. The president is understood to have agreed.

Congress leaders have indicated they would be prepared to vote on the budget, whatever the fate of the UF government.

Congress observers dust off its obituary

There was no celebratory air this weekend around India's Congress party, which on Friday succeeded in bringing down the 10-month-old United Front (UF) coalition in a no-confidence vote. The atmosphere was sombre as more than 100 of its 142 MPs gathered at the bungalow of Mr Sharad Pawar, one of the party's canniest powerbrokers, for a post-mortem.

They did so in mutinous mood, puzzled as to where the decision by Mr Sitaram Kesri, Congress president, almost on his own, to withdraw political backing for the 13-party coalition had left them. The diagnosis of a glum Mr A.R. Antulay, a senior leader, was that Mr Kesri had left the 111-year-old party, India's oldest party, "a terminally ill patient on the death bed".

The reason for such gloom is that Mr Kesri's political gamble, apparently inspired partly by personal ambition and pique at Mr H.D. Deve Gowda, the defeated prime minister, has failed to pay off. Mr Kesri's hopes of splintering the UF and building a new Congress-led govern*ment have so far foundered* in the face of an indignant show of unity by the politically disparate coalition.

With the UF showing no sign of buckling, the consequence of Mr Kesri's move will either be early elections or, as seemed more likely last night – and assuming that the UF agrees to a leadership change to satisfy Congress's one outstanding demand – a return to something like the *status quo ante*. This will see Congress again offering the minority coalition some form of political support.

Fresh elections risk delivering Congress a sharp political reverse. Not only do opinion polls and recent state elections and by-elections suggest Congress is less popular than ever; many analysts believe voters might also punish the party in an election for having brought down an increasingly successful-looking government, apparently unnecessarily.

Congress's election-averse MPs, therefore, appear to prefer some form of patch-up. But as several senior Congress leaders admit – the Kesri camp excepted – this would merely buy time for India's grand old party: time in which it could address the structural political reasons for its historically poor showing in last May's elections and consider how it might stage a political revival. One senior party official conceded last week that in fact Congress had effectively done neither since last May's electoral rout.

That election took Congress's share of the vote below 30 per cent for the *first time in its history and* gave the party its smallest ever parliamentary representation. It was not even the biggest party, an honour won by the Bharatiya Janata party (BJP). Moreover, the crisis lies deeper.

The party which for decades under the Gandhi family monopolised central government and almost all state governments now *holds* office in just four of India's 20 main states. All over India, and particularly in the south, Congress has lost ground to newly emergent regional parties, which *now not only run 10 states* but in the last election sent enough MPs to Delhi to form the nucleus of the UF coalition.

Many analysts and politicians believe this regionalisation is an irrevocable trend and one that Congress's leaders have missed or ignored.

Mr P. Chidambaram, acting UF finance minister, who *defected with ex-Congress* colleagues in Tamil Nadu before the last election to form a new regional party, says: "Congress should have seen the situation better, but, because of its air of superiority, it didn't see the situation at all."

The last election, says Mr Chidambaram, showed that power in India was devolving down from high-caste, upper class-led national parties to new groupings emerging from lower castes and lower classes, "down towards communities and social strata which were excluded from the national parties". Voters, he says, have also shown increasing preference for local parties.

These new parties pose a grave problem for Congress, *in particular. In many cases* these groups, such as the Telegu Desam party in Andhra Pradesh, or the Tamil Maanila Congress in Tamil Nadu, have won power by forging local variants of policies and alliances on which Congress's own power had been based.

To secure support from India's minority Moslem community, for instance, most regional parties have adopted "secularism". Most such parties, particularly in south India, have also embraced Congress reformist economic policies.

At the sharp edge: Deve Gowda, whose UF leadership is at stake, visits a Sikh temple yesterday Reuter

This has left the national party with few distinctive *policies. In the last elections* its chief theme was that Congress was the party of "stability". But, some analysts now argue, having just brought down a government *which delivered a hugely* popular budget and India's first peace talks with Pakistan in three years, Mr Kesri may well have ceded even that card. Mr L.K. Advani, BJP leader, was delightedly claiming last week that only his party could now offer India "stable" government.

Little wonder, then, that some newspapers yesterday began chiming a death knell for the party. "Congress R.I.P?" asked the Indian Express, which nevertheless cautioned that "writing a political obituary for Congress is a risky business", noting that Lord Curzon prematurely remarked 45 years ago that the party was "tottering to its fall".

But Mr Kesri has much to prove. Asked last week whether he had harmed India's national interest by *bringing down a government* the very weekend of talks with Pakistan, while also jeopardising passage of the budget, he stammered angrily and pulled out a single sheet of double-spaced foolscap from his jacket. He read from the three typed paragraphs that Congress was committed to "continuing economic reforms" and a "political consensus on foreign policy". Mr Kesri will have to do better than that to secure his and his party's political survival.

Mark Nicholson

Canada hosts LNG venture

By Christopher Parkes in Los Angeles

A plant and pipeline to provide up to 3.5m tonnes of liquefied natural gas a year to be shipped to South Korea will be built in western Canada in a $1bn joint venture led by Phillips Petroleum.

The Oklahoma oil group will hold a 35 per cent stake in the project. It will showcase its proprietary gas liquefaction technology installed in its Alaskan LNG facility, which has supplied Japan with 1.3m tonnes a year since 1969. Other partners include Daewoo, the Korean industrial group, which will take a 25 per cent stake, Pac-Rim LNG with 20 per cent, and California's Bechtel construction concern with 10 per cent.

Korea Gas Corporation, the plant's exclusive, state-owned customer is expected to take the remaining 10 per cent, while Canadian gas producers, currently negotiating over supplies, could also participate later.

The plant, the largest in north America, is to be built at Kitimat harbour on the British Columbia coast. It will be linked by a 300-mile pipeline with the West Coast Energy pipeline, a main north-south conduit running from Alberta south into the US, crossing the border just south of Vancouver.

Construction is due to start this year and the first shipments are planned for late 1999.

Mr Ted Sandridge, Phillips's vice-president of global ventures, said the venture offered Canadian gas companies access to new markets in the expanding industrial economies of Asia.

They would also be able to sign up for long-term contracts at stable prices, while the development would allow them to develop and produce from gas fields previously considered uneconomic because of high pipe*line tariffs or volatile market* prices.

Phillips, which has formed an alliance with Bechtel to promote its technology, launched its first "optimised cascade" liquefaction technology at its plant in Kenai, Alaska.

Japan ship groups avert US sanctions

By Michiyo Nakamoto in Tokyo

Japanese shipping companies narrowly averted sanctions against their business in the US after an agreement at the weekend on reform measures to deregulate work practices at Japanese ports.

The sanctions, scheduled to come into *effect today*, were announced by the US Federal Maritime Commission in February. The FMC ruled then that unfavourable, restrictive practices at Japanese ports imposed severe burdens on US shipping companies using Japanese ports. The FMC had decided at the time to impose fees of $100,000 per voyage each time a vessel *owned or operated by either* Kawasaki Kisen, Nippon Yusen or Mitsui OSK lines entered a US port from abroad. The European Union has also taken Japan to the World Trade Organisation over its allegedly discriminatory port practices.

The bilateral agreement comes just weeks before Mr Ryutaro Hashimoto, the Japanese prime minister, is scheduled to meet President Bill Clinton in the US at the end of this month.

However, the agreement, which did not achieve fundamental changes to Japanese *port practices*, has, in effect, simply postponed the basic problem of how to reform Japan's stevedoring practices to meet the need of modern container shipping lines better in order to be able to set their schedules flexibly.

The FMC is now expected to postpone imposing the sanctions, pending further discussions between the US and Japan on details of measures to deregulate port work. A final decision by the FMC is expected this week.

The US side had claimed that a prior consultation system, which requires any shipping company to consult the Japan Harbour Transportation Authority (JHTA), an industry association representing stevedoring companies, on even minor changes to their schedules, inflicted unnecessary burdens on shipping companies and raised the cost of stopping at Japanese ports.

The FMC noted that Japan's Ministry of Transport (MOT), which has authority over the the JHTA, was ultimately responsible for the JHTA's practices, which stifled competition among port workers.

Furthermore, the MOT was responsible for stifling competition among stevedores by restricting the licensing of port work, the FMC stated. As a result of its stringent licensing, all stevedoring companies were Japanese and members of the JHTA. This left no room for competition among stevedoring companies and an alternative for shipping companies in their choice of port workers, the FMC claimed.

Under the agreement, the Japanese side committed itself to drawing up measures to reform the prior consultation system by the end of July and to ease regulations over the establishment of stevedoring compa*nies by foreign entities*.

However, Japan fell short of agreeing to fundamental changes in the system, such as abolishing licensing requirements altogether for the establishment of stevedoring companies, as the US has demanded.

Taiwan is to lobby US trade authorities in an effort to avert dumping charges against Taiwanese semiconductor manufacturers, writes Laura Tyson in Taipei. Mr Chen Jui-lung, deputy director of the board of foreign trade, said the government had asked industry associations to *study ways to counter* dumping accusations made by Micron Technology, a US chip maker.

The US International Trade Commission said last week it would continue a probe into the charges that Taiwanese and Korean concerns were selling S-ram (static random access memory) chips in the US at prices below fair market value.

Preliminary findings are to be released on August 4.

Helms-Burton foes keep fingers crossed

When European Commission and US negotiators hammered out late on Friday a formula for resolving their bitter dispute over the US Helms-Burton anti-Cuba law, champagne corks were popped in Brussels. But the celebrations look premature.

The draft compromise averts the immediate threat that the dispute will escalate further, seriously damaging transatlantic relations and undermining the World Trade Organisation (WTO). But it offers only the basis for a durable settlement and could yet fall apart.

"This understanding represents a beginning and not an end," said Mr Stuart Eizenstat, US under-secretary of commerce and Washington's *chief negotiator*. "There is absolutely no certainty we will reach an agreement. . . There is going to be hard bargaining ahead."

The deal relies heavily on promises by President Bill Clinton's administration of efforts – rather than firm guarantees of action – to limit the application of Helms-Burton, which penalises foreign companies "trafficking" in assets in Cuba confiscated by the Castro regime.

The US has conceded less than Sir Leon Brittan, the European Union trade commissioner, *has sought* to gain since the EU began pressing Washington over Helms-Burton last summer. However, Sir Leon will today ask EU governments to *approve the deal, saying it is* the best he can get.

As Brussels has discovered, Mr Clinton's room for manoeuvre is limited. To win the congressional backing a permanent settlement will require, Mr Clinton needs to show that the EU is willing to meet US concerns about "rogue regimes" in Cuba and elsewhere.

The EU's ending last week of its "critical dialogue" with Iran, after a German court implicated Tehran in the murder of Kurdish exiles, has helped. The US publicly praised the EU for its prompt response.

Under the terms of Friday's deal, Brussels will suspend its case against Helms-Burton in the WTO. Washington had threatened to ignore any ruling by a WTO disputes panel, saying Helms-Burton is a foreign policy, not a trade, issue. Such a move would greatly weaken the body's authority to enforce world trade rules.

Nonetheless, the EU has said it may reinstate its case if Washington does not fulfil its side of the deal.

The US has indicated that Mr Clinton will continue, until the end of his term in January 2001, to waive Title III of Helms-Burton, as far as European companies are *concerned. This* provision authorises private US court cases seeking punitive damages against foreign investors "trafficking" in confiscated Cuban assets.

Mr Clinton will also seek – but has not pledged – to waive provisions of the D'Amato law, which targets foreign companies investing in the oil industries of Libya and Iran.

The crux of the deal rests on efforts to defuse the dispute over Title IV of Helms-Burton. This requires the US to deny entry visas to executives, directors and their families, as well as shareholders, of foreign companies profiting from expropriated assets in Cuba.

No European companies have fallen foul of this sanction, though it has been used against two British directors of Sherritt, a Canadian mining group. The US is considering action against executives of Stet, Italy's telecommunications company.

The US has said President Clinton will ask Congress for authority to waive Title IV if the EU concludes by mid-October and implements a bilateral agreement to constrain companies from investing in illegally expropriated foreign assets in future. The disciplines would then be incorporated into a broader foreign investment accord in the Organisation for Economic Co-operation and Development.

The challenge will be to define constraints acceptable to the EU's 15 members and to Congress – and above all to Senator Jesse Helms, chairman of the Senate foreign relations committee and co-author of Helms-Burton.

Part of Title IV of Helms-Burton, extending the sanc*tions to families*, was *originally* inserted as a bargaining chip, suggesting he might be prepared to be flexible on a presidential waiver. Administration officials hope he will be tempted by the prospect of a comprehensive OECD agreement covering the use of expropriated assets not just in Cuba but in other countries.

However, Senator Helms's *advisers say he will not* trade Helms-Burton's provisions for verbal promises by the EU and other countries, and that any international investment disciplines must meet tough standards and be legally enforceable. The belief that the EU has blinked in the confrontation may also encourage him to drive a hard bargain.

The task of securing an accommodation with Senator Helms is made no easier in that the government is wrangling with him over other issues, including United Nations funding, approval of official appointments and ratification of the chemical weapons treaty.

All this points to further tense negotiations in Washington and Brussels, under the shadow of the EU's threat to reinstate its WTO case. It still seems much too early to declare transatlantic brinkmanship over Helms-Burton at an end.

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Guy de Jonquières and Nancy Dunne

Delta Air Lines

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14.4.97

Mobutu keeps the world guessing

Few believe Zaire president will give in and go quietly, reports **Michela Wrong**

From President Mobutu Sese Seko's residence overlooking the falls on the Zaire river, it is sometimes possible to forget the country is at war. Peacocks pick at clipped lawns, *ornamental fountains* play quietly, hibiscus blossoms in the flower beds.

But first impressions are deceptive. The residence is inside the Tsha-Tshi barracks, an enclave within an enclave for a man who seized power at the head of an army and knows his safety depends on the military's rapidly evaporating loyalty.

The official motorcades streaming in and out of the residence reveal that frantic discussions are taking place. Elite troops on guard are jumpy and aggressive: a civilian is roughed up at the gates for no obvious reason.

Six months into Zaire's civil war, all eyes are on the *modest* grey villa on the hill. "The big question is what is going on in Mobutu's mind. No one really knows," says an ambassador.

The western nations that were once Zaire's closest allies know what they want. With Mr Laurent Kabila's rebel Alliance for Democratic Forces for the Liberation of Congo (ADFL) now holding the mineral-rich half of Zaire, they *believe it is* time to usher Mr Mobutu into exile, paving the way for a transitional government embracing the rebels and future elections.

The US, Belgium and even France – most steadfast of the president's allies – all made that view clear last week, publicly washing their hands of the 32-year-old regime. "The unanimous position now is that Mobutu must go," says a diplomat.

More quietly, the refrain is also being echoed by a political establishment convinced the only way to halt the ADFL's relentless march on Kinshasa is for talks – so far blocked by rebel insistence on Mr Mobutu's resignation – to get under way.

With Kinshasa cut off from the foreign exchange once earned by the diamonds, copper and cobalt – all now in rebel hands – and totally reliant on its petrol exports for revenue, the elite has woken up to the fact that the time for fighting has passed.

Younger members of the Popular Movement for the Revolution, Mr Mobutu's party, are saying it is time for him to resign. Few, however, have the nerve to pass the message on to the man himself.

"The Guide", in any case, does not appear to be in the mood to listen. Wasted by prostate cancer, Mr Mobutu has withdrawn into his family circle, less and less open to advice from outside his immediate entourage, which has every interest in persuading him to hang on to power.

There is also the question of Mr Mobutu's own character. Whatever criticisms may have been levelled against the 66-year-old leader, cowardice has never been one of them.

At the weekend there were some superficial signs of compromise. Mr Mobutu rejected a three-day ultimatum by the ADFL for his resignation, but accepted the idea of a direct meeting with Mr Kabila, as long as the rebel leader made the request politely enough.

Congo's President Pascal Lissouba was dispatched to act as mediator, and Brazzaville, the Congolese capital across the river, was cited as a possible venue for the meeting.

But few analysts believe Mr Mobutu has any real intention of agreeing to his *own marginalisation at that* meeting. Instead, Africa's most wily political survivor is almost certainly trying to spin out negotiations in the hope of an opportunity for a comeback.

"He may be hoping that if he waits long enough dissension in the ranks of the rebel alliance will split the movement apart," says a Western ambassador.

"Or that Kabila will realise that taking Kinshasa would be a very bloody affair. Or that he can simply buy Kabila off, as he has bought off so many others."

Certainly the battle for Kinshasa could mark the *opening of a new chapter in* the war which, until last week's fight for Lubumbashi, was characterised by effortless rebel occupation of towns previously abandoned by retreating troops.

The soldiers who fled Kisangani, Mbuji-Mayi, Lubumbashi and, most recently, the central town of Kananga – all fled to Kinshasa. Attacking the capital would leave them with nowhere, apart from Congo, to run to.

Most of these troops are from Mr Mobutu's Ngbandi tribe and originate from the Equateur region. They have few local ties and nothing to lose should the president decide to order another of the rounds of army looting that traumatised Kinshasa in the early 1990s.

Triggering such a blaze of violence would not only satisfy the vindictive streak of a man who once defined the post-Mobutu era as *"après moi, le déluge"*. It might hold out his last hope for salvation – in the form of intervention by the 2,500 US, French, Belgian and British troops on *standby in* Brazzaville, Libreville and floating off the Zairean coast.

Officially designated to evacuate just 3,000 expatriates should mayhem break out, this large force represents both an opportunity and a threat for Mr Mobutu.

The opportunity: that they intervene to impose order as Kinshasa goes up in flames, making it impossible for the ADFL to advance. The threat, that such an intervention would also involve bundling an ageing dictator on to a French helicopter and whisking him away to obligatory retirement.

A banknote bearing the image of Mobutu lies among bullets at Lubumbashi airport — Reuter

Truce called in battle of the dams

By Stephanie Flanders, in Gland, Switzerland

Environmentalists, development officials and private contractors have been battling for years over the rights and wrongs of building large hydro-electric dams in poor countries. But for two days in a small town on the banks of Lake Geneva last week they called a truce.

The end result of their discussions may be the development of pathbreaking international guidelines for building and operating dams which balance the competing demands of the economy and the surrounding environment.

The ceasefire came in a workshop organised by the World Bank and the World *Conservation Union*, the world's biggest network of conservation pressure groups and agencies. At the meeting were 35 representatives from leading environmental pressure groups, communities affected by dams, public agencies and private companies.

As the workshop ended at the weekend many were still sceptical about where the new dialogue would lead. Such is the depth of disagreement between some of the participants that there was some surprise they had all managed to stay in one room, let alone have a constructive debate.

Participants agreed to set up an international group to *assess the past experience of* planning, building and living with large dams. The group would have two years to complete the review and come up with "best practice" guidelines on avoiding the social and environmental pitfalls of building dams.

That the meeting even took place reflected the success of non-governmental organisations (NGOs) at publicising such problems in many large dam projects such as the Sardar Sarovar dam in India and the $5.4bn Bakun dam in Malaysia.

Officials at the workshop said these and other campaigns worldwide had done a great service in highlighting risks of dams, such as the destruction of communities, endangering of wildlife, and degradation of the environment. But, said one official: "The debate had become polarised between the 'dam-haters' and the 'dam-lovers'.

"We all came here because we saw we could gain more *for our respective causes by* actually talking to each other about how to improve the process."

Private sector participants saw financial, as well as public relations benefits to winning environmentalists over to their side. "With a *multi-million* dollar dam the costs of long political delays are enormous," said Mr Jan Strömblad of ABB, the engineering group, which has received a beating from pressure groups for its involvement in the Bakun dam.

All at the meeting stressed the importance of having the private sector represented. But the discussions invariably focused on the practices of the World Bank, long the largest official provider of finance and technical advice on developing country dams.

The meeting had kicked off with a discussion of a recent internal review of 50 dams financed by the bank which had concluded that the benefits of most of the *dams had far outweighed* the costs. Many participants agreed with the claims of Mr Patrick McCully, Campaigns Director of the International Rivers Network, a leading pressure group, that this was based on insufficient information about experience on the ground.

The workshop was a *chance for the World Bank* to show off the more co-operative, inclusive image which its president, Mr James Wolfensohn, has sought to promote. There was general acceptance that NGOs and the private sector could benefit from the organisation setting the benchmark for environmentally friendly dam construction.

However, there was some scepticism about whether the Bank alone could trigger far-reaching improvements. The organisation is directly involved in financing only 2-3 per cent of large dams built in developing countries each year.

The Chinese government has not even asked the World Bank to consider funding the highly controversial Three Gorges Project, which will mean resettling over 1m people and is being boycotted by Eximbank, the US export-credit agency. Mr Yuan Tanlin, deputy director-general of the Chinese ministry of water resources, participated in the workshop. It was the first time he had had contact with most of the NGOs.

However, many felt the World Bank's behaviour could still have an important impact, especially since the dam projects in which it is involved are also often the largest. It was generally praised at the meeting for its *role in the controversial* Nam Theun 2 dam project, in Laos, where the bank has held off granting partial loan guarantees for the project pending more rigorous assessments of the dam's environmental and social impact.

Several, however, felt that the emphasis on developing *new standards missed the* point. Private sector participants, in particular, claimed there were already plenty of environmental and other guidelines available for those building dams. The problem was that they were rarely implemented.

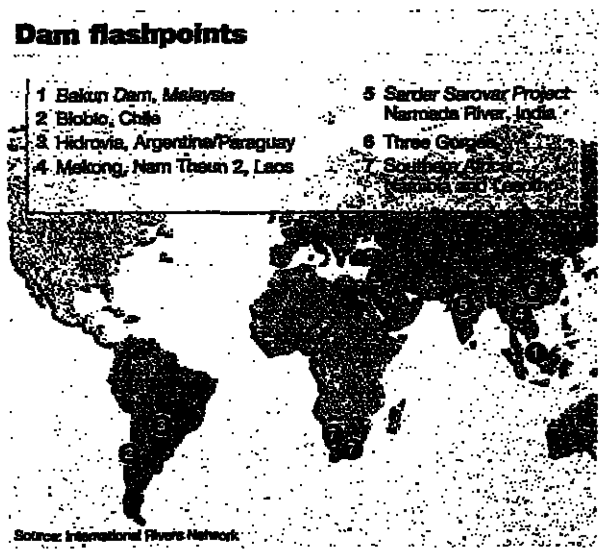
One individual familiar with the Nam Theun project suggested that if it was a "pioneer" in eco-friendly dam construction it was only because, for once, "the government and the private contractors were actually putting the standard guidelines into practice".

Executives' doubts about the need for tighter controls underscored the gulf which separated them from the NGOs. For activists, large dam projects are guilty until proven innocent: the vast majority would not be considered economically feasible if the true environmental costs were taken into account.

By contrast, most of the private and public sector participants felt that large hydro-electric dams had a major role to play in meeting the rising energy needs of developing countries and combatting global warming. Everyone, however, could see the merit of trying to see to it that fewer environmentally costly dams were built, and fewer beneficial projects were subject to avoidable, and costly delays.

Only one dispute broke the unexpected harmony: an inability to agree on a name for the new review body. "Well you can't expect this lot to agree on everything," said one observer.

Dam flashpoints



Source: International Rivers Network

Israel's PM may link with Labour

By Avi Machlis in Jerusalem

Israel's ruling Likud party stepped up efforts at the weekend towards forging a "national unity" government with the opposition Labour party, aimed at saving the deadlocked peace process from collapse.

Mr Benjamin Netanyahu, prime minister and leader of the conservative Likud party, said he was considering such a move but had not made a final decision. If "final status" negotiations between Israel and the Palestinians began, he said, "we must then ask whether expanding the government will improve our ability to conduct these negotiations and conclude them."

Israel and the Palestinians are set to discuss a list of difficult issues in these talks including the fate of 4m Palestinian refugees, borders and the status of Jerusalem.

A senior Labour official said Likud had already presented an initial "general" proposal to Labour to join in a unity government. However, unity supporters from Labour await conclusions of a police probe into alleged corruption in Mr Netanyahu's government.

Investigators are expected soon to present findings on the cabinet's appointment of an attorney-general, allegedly in return for support from Shas, a coalition partner, on Israel's redeployment from the West Bank town of Hebron earlier this year. If indictments are served against any cabinet ministers, Labour would probably distance itself from the government.

Mr Netanyahu and Mr Shimon Peres, the Labour leader and chief advocate of national unity within the party, have discussed a unity government on several occasions. A main obstacle, they agree, would be formulating guidelines for peace negotiations acceptable to both parties.

The peace process has been frozen since Israel last month began building Har Homa, a Jewish settlement in east Jerusalem. An alliance between the two large parties could marginalise the extreme rightwing deputies in Mr Netanyahu's fractious coalition who pressured the prime minister to carry out the internationally condemned housing project.

However, it remains unclear whether the Labour party will rally behind a decision to join Likud. Mr Ehud Barak, a contender for the Labour leadership in internal elections in June, said a union of the two parties would be a "paralysed and shameful government".

● A Palestinian woman yesterday opened fire and wounded two Israelis and another Palestinian woman at the Allenby bridge between Israeli-occupied West Bank and Jordan.

Egypt pledge to curb inflation

By Mark Huband in Cairo

Egypt will continue to hold down inflation and avoid new taxes as the centrepiece of the 1997-98 budget, a draft of which will be presented to parliament before the end of April, Mr Kamal Al-Ganzouri, the prime minister, said yesterday.

An overall increase in total government expenditure from E£77.5bn ($22.8bn) to E£84bn ($24.7bn) for 1997-98 will retain the budget deficit at the current 1.1 per cent of gross domestic product. Egypt agreed with the International Monetary Fund it would not exceed this as a key condition for receipt of an IMF credit last November. The deficit is expected to fall to below 1 per cent during the year.

The IMF expects proceeds from privatisation will reach 5-6 per cent of GDP in 1997-98. Mr Moheiddin El-Ghareeb, Egypt's finance minister, hopes to use a part of these funds to retire public debt.

Annual spending plans are incorporated within five-year and 20-year development plans that have at their heart the expectation that economic growth will reach 6.2 per cent during 1997-98 and will have achieved 7 per cent by 2002.

Optimistic predictions for growth, which are generally viewed as realistic, are matched by equally upbeat expectations in the external sector, where the government is predicting a $700m balance of payments surplus by the end of the fiscal year.

The 5.7 annual percentage rate of inflation recorded in January marked a 0.3 point increase on December. However, it remains within the range set by the government and is almost 2 percentage points below that of a year ago. Foreign analysts expect a rise in inflation and wages in the coming year.

The draft budget, which will be debated by the Cabinet on April 26 and then presented to parliament for approval, also includes a 1 per cent rise in subsidies - mainly for bread - and envisages 450,000 new jobs over the next five years.

Iran recalls EU envoys as protests continue

By Robin Allen in Cairo and Ralph Atkins in Bonn

Iran will recall its ambassadors from European Union *states in retaliation* for their withdrawal last week of EU envoys from Tehran, Iran's official news agency, Irna, said.

Irna quoted a foreign ministry source at the weekend as saying Iran would "reciprocate the decision of the [EU] governments to recall their ambassadors from Tehran".

The EU move came after a German court's verdict that the Islamic republic ordered political killings in Berlin.

In Tehran, Iranian militants kept up demonstrations yesterday for the third consecutive day outside the German embassy. This reflected what Tehran residents described as "widespread anger and rage" at the German court verdict that the shooting of four Kurdish dissidents in a Berlin cafe in 1992 was ordered by Iranian leaders.

Germany, until recently Iran's largest trading partner and most important western friend, ordered four Iranian diplomats to leave the country and recalled its ambassador in Tehran *immediately after* the verdict.

Mr Klaus Kinkel, Germany's foreign minister, yesterday said Europe's policy towards Iran would be re-assessed by EU foreign ministers at a meeting on April 29.

In his first comments since the court ruling, Mr Kinkel said the agreed response would depend on the Iranian leadership's behaviour and its respect for international law. But he said Germany did not want to destroy relations.

According to Tehran businessmen, the government of President Hashemi Rafsanjani "is concerned to contain and limit the possibility of *lasting commercial* or political damage" from the German court decision and the subsequent EU reaction.

The government posted riot police in force outside the German embassy to ensure the demonstrators did not repeat the November 1979 storming of the US embassy.

President Rafsanjani, while talking in emotional terms of "Germany's shameless act breaking the hearts of millions of Iranians and world Moslems", also referred to the rift as "a passing storm".

Businessmen have taken heart from a statement by Mr Ali Akbar Velayati, Iran's foreign minister, made before the court verdict that neither German nationals nor businesses would be at risk "regardless of the outcome of the trial".

The government wants to allow the public to vent its anger without allowing things to get worse, one resident said.

Large European companies, such as France's Total and Shell, the Anglo-Dutch group, were both reported to have said they would maintain talks to develop Iran's offshore oil and gas fields.

In the Gulf, there is a widespread feeling that Dubai, would benefit from any fall in direct links between Tehran and Europe.

Japanese bosses get advice on equality

By Robert Taylor, Employment Editor

Japanese managers working in the UK are to be provided with guidebooks advising them how to behave towards employees to avoid charges of racial and sexual discrimination.

The Equal Opportunities Commission and the Commission for *Racial Equality* have prepared two booklets which will be published in Japanese and English for the London-based Europe-Japan Centre, a research and cultural association to promote Japanese business.

The Japan External Trade Organisation and the Japanese embassy are supporting the project. It follows concern among Japanese banks and manufacturing companies about a number of UK employees alleging abuse by Japanese managers.

Mrs Chris Patrick, the Europe-Japan centre's director, said the booklets would detail legal requirements and provide examples of best practice.

"There was some concern among many Japanese companies in the UK about bad publicity last year in a few cases involving discrimination," she said. "Nothing exists in Japan on this subject so we thought it would be a good idea to *explain what is required*."

The booklets, to be launched this month, will be available to Japanese companies to distribute to personnel posted to the UK.

Their publication reflects a determination by Japanese employers to avoid what they believe is the danger of an increase in legal action in the UK by employees against alleged discrimination by *Japanese* management.

More than 100 Japanese corporations in the US have been sued in recent years on grounds of sexual and racial prejudice in their employment and recruitment policies, including cases of harassment.

It is feared a similar trend could develop in the UK. Japanese companies in the UK employ more than 750,000 workers and account for more than £19bn ($30.8bn) of investment.

A draft of the guides says: "Within many Japanese companies, relations between locals and Japanese staff are very smooth. Indeed, Japanese management practices are frequently held up as *a model for UK companies*."

But it acknowledges that Japanese companies will have to improve their human relations policies to make them more successful and "truly international".

It advises employers to ensure local employees are treated in the same way as Japanese expatriate staff, including women as well as black and Indian people. Managers are told to avoid direct discrimination such as refusing a job to a person because they are not Japanese or dismissing only non-Japanese staff in a cost-cutting exercise.

It warns employers not to ask for "only fair-haired women for interview for a secretarial job" because this would be discrimination. "If a job could be done by an English person *but it is only advertised in* the Japanese press, this could amount to indirect discrimination," says one of the guides.

It says: "Knowledge of Japanese or knowledge of Japanese ways of working should not be made a requirement for a job unless it can clearly be shown that it is necessary for the effective performance of the job.

"Qualifications gained in the UK or elsewhere, which are comparable to Japanese qualifications, should be accepted as equivalents."

Schiphol may bring jobs to north-east

By Gordon Cramb in Amsterdam

Amsterdam's Schiphol airport may build a cargo-handling facility at Teesside, bringing jobs to the north-east of England in a scheme being promoted by local authorities and Moorfield Estates, a property company with land rights in the area.

Mr Ruud Wevers, a Schiphol official, said yesterday: "The three parties are conducting a feasibility study into the potential of the site, to see what could be done."

The Dutch state-owned company has been expanding its activities overseas, developing business locations for the distribution sector.

But this would be its first move into the UK.

Schiphol, Europe's biggest freight airport after Frankfurt, handled 1.1m tonnes of air cargo last year, and is doubling capacity at its home base from the current 1.5m tonnes.

It has operating contracts for a small number of other hubs worldwide and a joint venture with Austria's Vienna airport.

It is increasing overall investment outlays to as much as Fl 400m a year from the Fl 248.4m spent in 1996.

But much of this will go into expanding and upgrading its Netherlands-based ground facilities.

Mr Wevers described reported estimates that any Teesside project would involve a £300m ($486m) financial commitment and create 5,000 jobs as "numbers out of the blue".

"For a 250-acre site that is a lot of jobs on a relatively small piece of land," he added.

Schiphol's own land area, including runways and passenger terminals, encompasses as much as 2,500 hectares (6,178 acres).

Teesside airport, 25 miles (40km) south of Newcastle, is owned by Labour-controlled local councils, and its catchment area includes the Sedgefield constituency of Mr Tony Blair, leader of the opposition Labour party.

Blair to step up election campaign

By Robert Peston and David Wighton

PA

Speaking from London during a radio phone-in yesterday, Tony Blair stressed his commitment to Scottish devolution

The opposition Labour party yesterday took the extraordinary step of announcing that its leader Mr Tony Blair was personally going to take its campaign "by the scruff of the neck", in the first public sign of unease that it is not doing enough to counter the Tory party's barrage on his credibility.

In spite of evidence in opinion polls that Labour's large lead over the ruling Tories is declining only slightly, an aide to Mr Blair said he "intends to inject vision, passion and conviction" into the campaign.

The contest had been "dragged down by the Tories' negative campaign and the determination of the media to turn it into a tit-for-tat slanging match", the aide continued, and Mr Blair would "rise above the Tory gutter".

This briefing was universally interpreted by journalists as representing a relaunch. However, when word of this got back to Labour's campaign headquarters, officials swiftly issued denials.

In a separate development, Labour also appeared to give permission to its candidates to criticise official party policy in their election addresses on whether the UK should join a European single currency.

Launching a campaign intended to demonstrate that the Tories are deeply divided over monetary union, Mr Robin Cook, the party's foreign affairs spokesman, said that Labour was "not going to get involved in a witch-hunt against individuals *with idiosyncratic views*".

He was replying to a question about whether Mr Blair would punish any Labour member of parliament who broke the party line on the issue.

Mr Cook insisted that the difference between Labour and the Tories was that most Labour candidates would *back a policy retaining the* option to participate in European monetary union, with a decision taken ultimately "on the basis of hard-headed economic reality".

Labour yesterday published research claiming that of the first 100 Tory candidates "to come clean on their position on the single currency" in their election literature, a "clear majority of Conservative candidates have come out against Tory policy".

Mr Cook said: "It looks as if [former Tory chairman] *Lord Tebbit for once* was being too moderate when he claimed that the party line would be opposed by 200 Tory candidates. It is not just an issue of the single currency, it is an issue of *party* leadership. *The Tory* party has a vacuum at the top."

However, Mr Cook side-stepped a question on whether Mr Blair would insist on a three-line whip on a vote to join a single currency. He said that there would be cabinet "collective responsibility", binding all *ministers to the same line*.

Mr Blair continually contrasts the Tories' divisions on monetary union with Labour's alleged unity. However, a number of Labour MPs, including Mr Nigel *Spearing*, Mr Denzil Davies and Mr Dennis Skinner, have made clear their implacable opposition to monetary union.

Meanwhile, Mr Paul Sykes, a millionaire businessman financing Tory candidates who come out against monetary union, insisted he remained loyal.

"I *have spent 25 years in* the Conservative party," he said, but "for the sake of democracy we have to have a proper debate on the single currency."

Heavy Asian investment has put Britain at top of European producers' league

Sharp rise planned in TV set production

By Peter Marsh

Production of television sets in Britain is set for another big rise this year after a sharp increase last year.

The expansion has been *fuelled by heavy investment* by Asian manufacturers which have spent an estimated £1bn ($1.6bn) since 1990 on expanding television plants in Britain.

The UK is now the leading producer of televisions in Europe, producing one in three sets made in the European Union, compared with one in five in 1990.

Britain's "big six" television equipment companies – five of them Japanese and one South Korean – this year plan to boost output from 4.5m sets to 5.1m, a rise *of 13 per cent*.

The "big six" are Toshiba, Sony, Hitachi, Matsushita and Mitsubishi of Japan and Samsung of South Korea. They account for 75 per cent of production in Britain. Others with UK plants include Sanyo of Japan, Tatung of Taiwan and South Korea's LG Group.

Total UK output of sets last year rose 6.8 per cent to 6.2m, against 5.8m in 1995, according to the British Radio and Electronic Equipment Manufacturers' Association. Two-thirds were *exported*.

In the early 1990s, the industry shrugged off the recession in Britain by stepping up exports to the rest of the EU. Manufacturers were helped by the fall in the pound when the UK left the exchange rate mechanism in 1992.

Mr John Bennigsen, managing director of Toshiba UK, said one of the reasons for the industry's success was the UK's "skilled and cost-effective" workforce which was happy to take on ideas from Japan, such as *"just-in-time" production* routines. But he said sterling's rise in recent months "was starting to make business more difficult".

Since 1990, output volumes by the industry have nearly doubled, with current production worth about £2bn a year at retail prices. The industry's trade surplus has risen from £271m in 1991 to £552m last year.

The rise in output in Britain during the 1990s has been significantly greater than in Germany and France, the other two main *EU producers. In France*, output rose by one-third to 3.7m sets between 1990 and 1995, while in Germany, output fell 9 per cent to 3.3m sets between 1990 and 1994.

Last year the UK made 35 per cent of the EU's total production of 17.5m sets. In 1990 it made 22 per cent out of 15.7m.

Globalisation underlies chemical industry woes

Falling output and strong pound beset export-dependent sector

There can be little doubt where the chemicals industry falls in Britain's two-speed economic recovery: it is not booming, and has recently gained a large handicap.

For while the industry accounts for almost a tenth of the UK's manufacturing output, and provides the lion's share of raw materials for the other nine-tenths, its market is global.

Last year, hopes of coasting at the top of the worldwide chemicals industrial cycle until 1998 evaporated, UK *chemicals industry* output stagnated and then fell, and £300m ($486m) of planned investment was shelved.

This year, the industry continues to grapple with fierce global competition, but its task is made even harder by the rapid appreciation of sterling against other major currencies.

And with an international spread of sales and production sites unmatched by most other sectors, its angst is *now acute*.

The sector has been forced to become global "in order to grow at all", says Mr Danny Rosencrantz, chief executive of BOC, the UK's second largest chemicals company.

BOC's results bear this out. In Europe in the last 20 years, the industrial gases group has lifted its sales from £333m to £1.15bn – a decline in real terms of several per cent. *But in Asia* during the same period it has achieved a near tenfold sales increase, from £139m to £1.3bn, delivering significant *real* growth.

Other UK chemicals companies have become internationalised as their markets have moved.

One example is the shift to Asia of Courtauld's marine coating operations following the migration of the shipbuilding industry.

But as UK producers have sought growth beyond their home market, so have chemicals companies from other mature economies. And joining them in the race for business are *huge new* manufacturers from Taiwan, Korea and China, which are happy to eschew profits in the pursuit of expansion.

The result, even in Asia where chemicals markets are growing rapidly, is "huge excess capacities", according to Mr Volker Trautz, a director of BASF, the German chemicals company.

Such oversupply affects UK producers directly because markets have become borderless as "product specifications have become uniform", says Mr *Jim Leng, chief executive of* Laporte.

"When Procter & Gamble buys toothpaste ingredients in Asia, it wants the same ingredients as it is using to make toothpaste in Europe," he says. The same is true of Intel's requirements for microprocessors, textile dyes, plastics for computer housings and paper coatings.

This standardisation – across thousands of products – is forcing competitors to face each other out in every *market in the world*, or lose out altogether.

Some chemicals markets remain lucrative, and some UK companies have secured a patent-protected technological advantage: an example being Courtaulds with Tencel, the world's first new man-made fibre for decades.

But in many more areas, demand and prices are suffering as too many chemicals companies battle it out for market share. Which is why, says Mr Rosenkrantz, "developments that affect a global sector are far more important to us than the state of the UK economy".

Mr Gordon Campbell, chief executive of Courtaulds, goes further: "It is just not significant for Courtaulds whether the UK is booming or in recession."

The UK represents just 14 per cent of the company's sales "and much of that is re-exported by our customers", he says.

Exchange rates, however, are deeply significant. And it is here that the industry is now reeling.

Eight of the UK's top 20 chemicals companies have *signalled* that profits are likely to be more than 10 per cent lower this year as a result of the strong pound.

"Where we are competing with a German company by exporting into Asia, we cannot increase our prices to account for lower returns in sterling," says Mr Campbell. "We have no choice but to accept reduced profits."

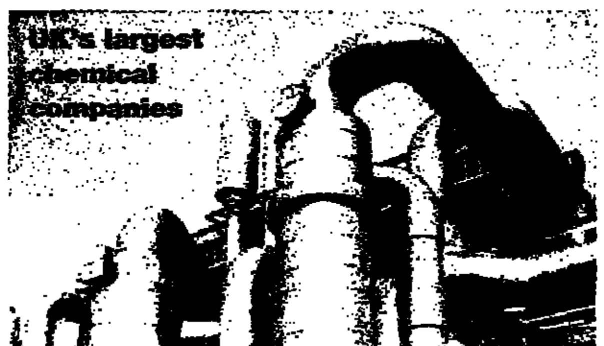
Worse still, adds Mr Leng, "we have to be globally competitive even to sell into the local marketplace", since UK manufacturers have proved willing to switch to cheaper supplies from German or Korean producers.

Laporte, which is Britain's largest speciality chemicals producer, *already manufac*tures three-quarters of its output outside the UK. Of Laporte's British production, about a third is exported.

"What matters to us in choosing the UK as a production site are the costs of labour and utilities, the tax policy and exchange rates. Unless you can compete on *those, you don't compete*," says Mr Leng.

Jenny Luesby

UK's largest chemical companies



Company	Product	UK sales as % of total 1976	1986	1996
ICI	Industrial chemicals and paints	39	23	21
BOC*	Industrial gases	55	26	29
Courtaulds	Fibres and coatings	49	45	14
Laporte	Specialty chemicals	53	41	25

* European sales, including UK, as % of total

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ TODAY

Commonwealth of Australia 9.5% Ln 2012 £237.50
Avmin R0.10
Banco Commercial Portugues BCP Esc70.0
Barbour Index 3.15p
Baring Tribune Inv Tst 5.8p
Budgens 0.4p
BZW Conv Inv Tst Equities Ind Un 2.037p
Enterprise Oil 11⅝% Un Ln 2016 £5.8125
French Property Tst 1.45p
Herald Inv Tst 0.81p
Kobe Steel 2.65% Bds 1998 Y265000.0
Do 3.0% Bds 1999 Y300000.0
Do 3.2% Bds 2000 Y320000.0
Relyon 7.5p
Serco 3.8p
Soundtracs 0.8p
Thai Prime Fund Pf $0.50

■ TOMORROW

Abtrust Conv Inc Tst 1.6p
American Brands 12.5% Un Ln 6.35p
Armitage Brothers 3.3p
Barclays Bank Property Index 1997 £1.87
Do Property Index 1998 £1.87
BCE C$0.68
Cementone 1.1p
Chester Asset Receivables Dealings No.1 Asset Bcked FRN 2003 £1644.16
City Mortgage Receivables 1 Mrtg-bckd FRN Feb 2023 Series £42.48
Do 2 Mrtg-bckd FRN Oct 2023 £46.38
Do 3 Class A Mort-Bckd FRN Oct 2023 £45.52
Do 3 Class B Mort-Bckd FRN Oct 2023 £58.06
Do 4 Class A Mort-Bckd FRN Aug 2028 £48.50
Do 4 Class B Mort-Bckd FRN Aug 2028 £58.06
Do 5 Class A Defd Int Mort-Bckd FRN Sept 2032 £49.16
Do 5 Class B Defd Int Mort-Bckd FRN Sept 2032 £71.57
Conister Tst 1.28p
Elbief 0.4p
Eldridge Pope 6¼% Irrd Un Ln £3.125
Do 7½% Irrd Un Ln £3.75
Enterprise Oil Sb FRN 1999 £35714.38
Fairway 2.6p
Finland 11½% Ln 2009 £287.50
Gearhouse 2.4p
Goode Durrant 3½% Cm Pf 0.875p
Govett Strategic Inv Tst 9⅞% Db 2017 £4.9375
Granada FRN 1998 £1777.08
Henderson Highland Tst 1.55p
ICI 9¾% Bd 2005 £97.50
Do 10% Bd 2003 £100.0
Johnson Fry European Utilities Tst 2.1p
Johnson Fry Second Utilities Tst 2.14p
Jognson Fry Utilities Tst 1.85p
Logica 3.6p
MEPC 9⅞% Bd 2004 £98.75
Do 10¼% Bd 2003 £102.50
Merton 11¼% Rd 2017 £5.625
Morgan (JP) $0.88
Motorola $0.12
National Australia Bank Und Sb FRN $293.54
Nightfreight 2.25p
Nissho Iwai 6.4% Bd 1997 Y840000.0
Occidental Petroleum $0.25
Quaker Oats $0.285
Ranger Oil $0.08
Richards 4% Cm Pf 1.4p
Do 5½% Cm Pf 1.44375p
Sanwa Fin Aruba Gtd FRN Jul 2004 $1506.51
Do Gtd Step-up FRN Oct 2002 $753.26
SmithKline Beecham 3.25p
Sonar 2 Class A Mtg Bckd FRN 2022 £153.94
Do Class B Mtg Bckd FRN 2022 £186.34
Standard Bank Stlg Bd Ptg Rd Pf 14.5p
Wereldhave Property 10¾% 1st Mtg Db 2015 £5.375

■ WEDNESDAY APRIL 16

Crest Nicholson 1.9p
Flare 10% Cm Pf 20p
Hongkong & Shanghai Banking Prim Cap Und FRN (Ser 3) $71.88
M & G Recovery Tst 1p
Do Geared Units 1p
Do Package Units 1p
Nat West Bank 9% Non-Cm Pf A 4.5p
Do Non-Cm $ Pf Ser A $0.532
Do Ser B $0.4375
Swansea 13¾% Rd 2006 £6.875
Treasury 2½% IL 2020 £2.3066

■ THURSDAY APRIL 17

Brewin Dolphin 5.5p
Govett High Income Inv Tst 1.12p
Hydro-Quebec 11⅛% Db Ser HV Apr 2001 £112.50
Independent British Healthcare 0.5p
Jasmine Tranche B Sec FRN 2003 Y626413.0
Lloyds TSB FRN 1998 £156.07
Do Sb FRN 2006 £16.40
Partridge Fine Arts 1.7p
St. Paul Co's $0.47
STB Fin Cayman Gtd Sb Fxd/FRN Tranche A 2003 $3437.50

■ FRIDAY APRIL 18

Beradin 2p
Birmingham Midshires Bldg Scty Sb FRN 2005 £1719.89
Close Brothers 3.8p
Conversion 9½% 2005 £4.75
Daicel Chemical Inds 5.1% Bd 1997 Y510000.0
Do 5.6% Bd 2000 Y560000.0
Echlin $0.225
Eurocamp 7.25p
Fleming American Inv Tst 2.8p
Jupiter Int Green Inv Tst 2.2p
Do Units 2.2p
Kleinwort Dev Fd 5p
Metal Bulletin 14.2p
Mitsui & Co (Europe) Fxd/FRN 1999 Y204813.0
Murray Inc Tst 2.85p
Nova Scotia 11¾% Ln 2019 £5.875
St. Modwen Props 1.7p
Singapore Para Rubber Estates 1.9p
Wilson (Connolly) 5p
World of Leather 1.15p
Wyevale Garden Centres 2.42p

UK COMPANIES

■ TODAY

COMPANY MEETINGS:
Gartmore Emerging Pacific Inv Tst, Fenchurch Exchange, 8, Fenchurch Place, E.C., 12.30
Lowe (Robert H), 29, Gresham Street, E.C., 10.00
Willis Corroon, 10, Trinity Square, E.C., 12.00

BOARD MEETINGS:
Finals:
Arcadian Int
Arlen
Doeflex
Britannia
Caldwell Invs
Dinkie Heel
Olives Property
Sanctuary Music
Interims:
Assoc British Foods
Schroder Ventures
Wardle Storeys

■ TOMORROW

COMPANY MEETINGS:
Access Plus, Glassboat Restaurant, Welsh Back, Bristol, 11.30
Capita Group, 12, Appold Street, E.C., 10.00
Commercial Union, Chartered Insurance Institute, 20, Aldermanbury, E.C. 12.00
Lloyds TSB, Edinburgh Intl Conference Centre, The Exchange, Morrison Street, Edinburgh, 10.30
Mercury Grosvenor Tst, 55, King William Street, E.C., 12.00
Sema Group, Hyde Park Hotel, Hyde Park Corner, 66, Knightsbridge, S.W., 10.00
TDS Circuits, Cunliffe Road, Whitebirk Industrial Estate, Blackburn, Lancs, 12.00
Wyevale Garden Centres, Green Dragon Hotel, Broad Street, Hereford, 10.30

BOARD MEETINGS:
Finals:
Boosey & Hawkes
Brown (N.) Group
Dean Corp
Donantonio
Finlay (James)
Jerome (S) & Sons
Hemingway Properties
LucasVarity
Moorfield Estates
Interims:

■ WEDNESDAY MARCH 16

COMPANY MEETINGS:
British Vita, British Vita Training & Dev Centre, Green Street, Middleton, Manchester, 2.30
Dixon Motors, Forte Crest, The Marina, Castle Street, Hull, 10.30
English & Scottish Investors, Gartmore House, 16-18, Monument Street, E.C., 11.00
Johnson Fry Second Utilities Tst, 20, Lower Regent Street, S.W., 11.00
M&G Income Inv Tst, 3, Minster Court, Great Tower Street, E.C., 11.00
Morgan Sindall, Ironmongers' Hall, Barbican, E.C., 12.00
Partridge Fine Arts, 144-146, New Bond Street, W., 9.00
Persimmon, Cafe Royal, 68, Regent Street, W., 12.00
Reed Intl, Four Seasons Hotel, Hamilton Place, Park Lane, W., 11.30
Reuters, Gibson Hall, 40, Threadneedle Street, E.C., 11.30

BOARD MEETINGS:
Finals:
Blockleys
Bodycote Int
Bridgend Group
Cobham
IFG Group
Intelligent Environments
JJB Sports
Silverminos Group

■ THURSDAY MARCH 17

COMPANY MEETINGS:
BBA Group, The Brewery, Chiswell Street, E.C., 10.30
Exco, 119, Cannon Street, E.C., 2.30
Fleming Claverhouse Inv Tst, The Balmoral, 1, Princes Street, Edinburgh, 12.00
Fleming Fledgeling Inv Tst, 25, Copthorne Ave, E.C., 11.00
Roxboro, Royal Automobile Club, 89, Pall Mall, S.W., 11.30
Torex Group, Blenheim Palace, Woodstock, Oxfordshire, 11.30

BOARD MEETINGS:
Finals:
BATM Advanced Comms
Boot (Henry)
Havelock Europe
House of Fraser
Laser-Scan
Lindsa
Morgan Grenfell Latin American Co's Tst
Tie Rack
Interims:
Action Computer
Albert Fisher
Chesterton Int

■ FRIDAY MARCH 18

COMPANY MEETINGS:
Alliance Tst, Meadow House, 64, Reform Street, Dundee, 12.30
Beradin Hldgs, 3, Clanricarde Gardens, Tunbridge Wells, Kent. 10.30
Cakebread Robey, 318-326, Southbury Road, Enfield, Middlesex, 11.00
Chieftain Group, Copthorne Hotel, Quayside, Newcastle-Upon-Tyne, 12.00
London Town, 8, Baker Street, W., 10.00
Newcastle Bldg Scty, Forte Posthouse Hotel, New Bridge Street, Newcastle, 10.00
Sanderson Bramall Motor, Harlow Court, Otley Road, Beckwithshaw, Harrowgate, N. Yorkshire, 11.00
Serif, Marlborough Hotel, Henley Road, Ipswich, Suffolk, 10.00
Singapore Para Rubber Estates, 3, Clanricarde Gardens, Tunbridge Wells, Kent, 11.30

Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.
This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent annoucements.

Bonn offers good home to watchdog

DATELINE

Bonn: the German capital has strong reasons to be host to the new watchdog against racism, writes Ralph Atkins

Where should Europe's planned watchdog against racism and xenophobia be located? Bonn, as capital of Germany, where such issues have a particular resonance, would not rank high on many people's lists.

But this month Manfred Dammeyer, minister for federal and European affairs in North Rhine-Westphalia (the state in which Bonn is situated), has offered to host the organisation which European Union leaders agreed to set up at last year's Florence summit.

Mr Dammeyer almost makes a virtue of the lessons Germany has learnt. He argues that Bonn, the sleepy university town on the Rhine which became the capital in 1949, is the antithesis of nationalism and status-craving. "Bonn stands for federalism and modesty which the Germans, after the terrible experience of the past, must learn again."

The timing could have been better. In the past few weeks, several incidents have shown a darker side of relations with outsiders.

Television news pictured 31 *hollow-eyed "orphan" children* being sent back to Bosnia. The group was the highest profile group of Bosnians being returned.

Meanwhile, German-Turkish relations hit a new low after German chancellor Helmut Kohl's apparent insistence at a meeting of centre-right leaders in Europe that Turkey be excluded from European Union membership. The immediate inference in Ankara was that Christian democracy was taking exception to Turkey's embrace of Islam.

Turkish and German newspapers hurled insults across the Balkans, culminating in a front-page story in the mass-circulation Bild newspaper complaining that Mr Kohl was being compared to Adolf Hitler.

Separately, members of Mr Kohl's Christian Democratic Union have floated the idea of setting quotas for the inflow of Jews from the former Soviet Union – even though the numbers are small. The Free Democratic party, which is part of the federal coalition, has called for the wider use of immigration quotas. But it would be wrong to conclude Germany is witnessing a worrying outbreak of xenophobia.

Take the Bosnian children. Their return was in fact eagerly sought by authorities in their homeland where their original rescue was seen in some quarters as amounting to a kidnap. Most are not strictly orphans; rather their parents were unable to look after them.

Although tensions have been heightened by Germany's high unemployment, which has stoked debate over the number of resident foreigners, including 2m Turks, Germany is still a haven for those seeking refuge.

A few years ago, Germany accounted for more than 80 per cent of asylum requests filed in the European Union. Last year it was still more than 50 per cent. Some 200,000 ethnic Germans from the former Soviet bloc arrive annually. Media, mainstream politicians, churches and other community leaders are quick to pounce on incidents which smack of discrimination or echo Germany's Nazi past.

The difficulty is more that Germany, despite being home for more than 7m foreigners, finds outsiders hard to integrate.

Volkan Vural, Turkey's ambassador in Bonn, says: "This adjustment from a very pure state to a multi-cultural, multi-religious state will take some time and requires a change of attitudes.

"German laws are more rigid in many aspects than, say, in Holland. They have this compartmentalised attitude. Whereas in Holland and other European countries integration policies are more advanced, here the bureaucracy distinguishes between the status of foreigners and the local population. Even those who have been here for 30 years are still treated as foreigners."

Those from non-European Union countries, for example, do not have voting rights. Often foreigners encounter difficulties finding places for their children in kindergartens so the language is never properly mastered.

Integration has been made more difficult for Germans to accept because of the continuing ramifications of the collapse of communism to the east.

Judith Kumin, German representative of the United Nations High Commissioner for Refugees, says that during the cold war there was often "a strong political and ideological reason" for accepting refugees.

"Now that interest has disappeared and increasingly – the Bosnians are the exception – the people coming for asylum are from very different regions of the world, different cultures, and are much more difficult to absorb."

But Germany has no particular hostility towards outsiders. Indeed it has no ultra-right force as strong as Jean-Marie Le Pen's National Front in France.

Against that background, the idea that Bonn should host Europe's watchdog, which will monitor racist and xenophobic incidents, is not far-fetched. It would help preserve Germany's role in accommodating refugees and reinforce vigilance against the excesses of nationalism.

Ms Kumin of the UNHCR says: "There is an enormous attention in Germany to human rights questions. There is a grass roots interest which you don't get elsewhere in Europe."

FT GUIDE TO:

THE IRA

How long has the IRA been in existence?
It was founded in 1919 to support the Sinn Fein political movement's struggle to end British control of Ireland. Sinn Fein claimed to be the legitimate government after the 1918 elections which gave it a majority in the whole island. But the fighting ended with the partition of Ireland in 1922. The "Provos" or Provisional Irish Republican Army, to distinguish it from the official IRA, was set up in December 1969. Militants then rejected the leadership's decision to give token recognition to the Westminster, Stormont and Dublin governments.

What is its active membership and command structure?
The republican movement is split into four departments – the military, the prisoners, the propaganda and political wings, represented by An Phoblacht, the provisionals' newspaper, and Sinn Fein, the political party.

The IRA likes to mimic the terminology used in a regular army, and is centred on about 200 fairly full-time "volunteers", some organised in "active service units" in Ireland and the UK.

In addition there are quartermasters, who are entrusted with the armaments, together with suppliers and intelligence operatives. On top of this, there is a small number of people willing to offer safe houses and other support services.

The army leadership comprises a seven-member council with the power to declare a ceasefire, but it requires a full convention of the membership to make it permanent. The army is organised under two commands – the northern, based in Belfast, and the southern, based in Dublin and responsible for operations on the UK mainland.

Since the mid-1970s, the active service units have been organised on a cell structure, making it hard for the intelligence services to penetrate.

The IRA has also recruited so-called "sleepers". These are younger operatives, who have no criminal record and are sent to the UK mainland, where they lie low, engaging in intelligence gathering on potential targets before being dispatched to conduct a hit.

Who are its leaders?
Their identities remain secret. The members of the ruling army council are said to be known to the security services, but they are careful not to leave traces that could lead to prosecution. Such is the pressure of surveillance that meetings are rare. The council is believed to have met in county Mayo at the end of last year. Before the 1994 ceasefire, the council is believed to have used the cover of a Sinn Fein gathering to meet.

What are the tactics?
Operations have included the no-warning bombings of crowded public areas or targeted assassinations of political and security personnel.

But the IRA is also engaged in intimidating its own community through "punishment beatings". These involve baseball bats and nail-studded cudgels used on truant youths, accused of anti-social behaviour such as joy-riding and drug-pushing. It claims to be the protector of the harassed nationalist minority, yet even in republican strongholds like West Belfast, the IRA has been responsible for more civilian killings than the protestant loyalist paramilitaries or the security forces.

Are they all psychopathic killers as sometimes depicted in the UK press?
Some are fanatics. Some IRA defectors, who are either "turned" informers by the intelligence services or have a genuine change of heart, suggest the IRA is driven by a sectarian hatred of protestants. But even Lady Thatcher acknowledged that terrorists were methodical and deliberate.

How do they finance their operations?
The police claim the IRA is involved in racketeering in Belfast and other cities, owning pubs and taxi fleets, and dabbling in drug-dealing and copyright piracy of videos and perfumes. Bank raids, particularly in the Irish Republic, have been a fairly dependable source of income.

Some US-based support groups, sympathetic to the cause of Irish unity, have also raised millions to support the "armed struggle". The movement is said to raise around £6m ($9.7m) a year.

Where does it acquire its weapons?
The IRA's links with the Libyan regime of Colonel Gaddafi are well documented. But its sources are fairly eclectic. It has Semtex, much of it bought while the communist regime was still in power in Czechoslovakia, and home-made fertiliser-based explosives. The "volunteers" are equipped with AK-47 assault rifles, US-made M1 carbines and Garard rifles, and a variety of .303 rifles and German and American-made pistols. Recent attacks have used a shoulder-held horizontal mortar and they are even said to have acquired several surface-to-air SAM-7 missiles, although there is no evidence that these have been used.

What is the IRA looking for in any long-term settlement?
Although it is committed to achieving a 32-county socialist republic, freed from British occupation, the IRA's demands have been steadily moderated over the years. Today Gerry Adams, Sinn Fein president, admits any agreement is likely to be based on the Anglo-Irish framework documents of 1995. These envisage some form of devolved assembly, strengthened cross-border links with the republic and parallel referenda in the two parts of Ireland to endorse any agreement.

John Murray Brown

The Monday Profile: Frank Newman, Bankers Trust

Actions rather than words

The quiet man at the helm of Bankers Trust made an unusual amount of noise last week. On Monday Frank Newman briefed analysts and reporters on the largest ever acquisition of an investment bank by a commercial bank in the US, after Bankers Trust agreed to merge with Baltimore-based Alex. Brown. A few days later Bankers announced a deal with Nippon Credit Bank under which it will advise on the restructuring of the Japanese bank and probably take an equity stake.

The man who, according to colleagues, "believes that actions speak louder than words" has spoken, confounding critics who saw him as no more than a safe pair of hands when he took the reins last year after the bank was rocked by a derivatives scandal.

Since then, a lawsuit brought by Procter & Gamble has been settled, profitability restored - and the firm's gung-ho trading culture has disappeared as he tried to build a business based on long-term client relationships.

Newman, 54, never wanted to be a banker. As a Harvard-educated management consultant, he viewed the industry as "stodgy". Then, 25 years ago, he was on a consulting engagement at Citicorp, working for a "young man with lots of ideas" called John Reed. The current chairman of Citicorp was involved in the "first real effort towards using technology to transfer money in the retail business through card-reading terminals". Newman saw that what he had thought was a stagnant industry was about to enter a period of rapid change.

When he arrived at Bankers – essentially a capital markets operation, although under the US regulatory system still defined as a commercial bank - there were concerns that Newman, whose background is in retail banking, had "never traded a bond in his life". He is unapologetic. "To run a large complex organistion requires managerial skills." And he is candid about the break with the past. "Trading and derivatives activities were half earnings. Going forward, they will be successful businesses, but never again in that proportion."

His management style, in contrast to his predecessors, is low key. Bankers Trust finance director Richard Daniel, who worked under Newman straight out of business school in 1974, says: "He is not one to preach about what he's going to do." But "he honours people and is very thorough and very thoughtful".

"He had to cope with massive defections when Shanks and Sanford (the previous management team) left," said one analyst who has watched Newman for 15 years. And he disputes his reputed lack of charisma: "He is charismatic in his own way." Another colleague says he has "a quiet confidence in himself that allows him to be generous in his compliments to others."

Indeed, his record suggests there must be a core of toughness beneath his soft-spoken exterior. He joined Bank of America as finance director in 1986 when the bank had already lost more than $1bn. "It was in big, big trouble," he remembers – worse than the difficulties facing Bankers Trust after its derivatives scandal. At first loath to turn away from a successful 13-year run at Wells Fargo, "I became intrigued with the possibility of turning around this giant institution". Today, it is America's third largest bank.

After that, he got a call from Washington which led to two years as deputy secretary of the Treasury under Lloyd Bentsen - a job he took, despite the 90 per cent pay cut, because he thought it would be "fascinating". It was, though he is "glad to back in business" where "I can make decisions and then implement them" without worrying about the political ramifications.

Although stability at Bankers Trust was quickly restored, its direction under Newman has sometimes seemed ill-defined, despite its acquisition last year of mergers and acquisitions boutique Wolfensohn. With the Alex. Brown acquisition, a clearer strategy has emerged.

Bankers does not want to compete with Morgan Stanley and Goldman Sachs for underwriting business from Fortune 500 companies. "We have no value to add. We're not going to waste one dollar trying to compete with them in that market," says Newman. Instead, it will target growth companies and restructuring companies - a "better market" because it is growing more rapidly and margins are higher.

The NCB deal is a business arrangement rather than a strategic link – an example of Bankers' work in helping companies to restructure. "The Japanese financial system is going through a major transition and we happen to have a set of skills that is very applicable," says Newman.

He describes the arrangement with NCB – under which Bankers Trust will service NCB clients outside Japan, among other things – as a "partnership-style approach". "I hope we can do it with other (Japanese) institutions." The potential equity stake is "a token of working together rather than a meaningful part of any financial package. When I say small I mean small".

Frank Newman may be mild-mannered and softly spoken, but he gets his message across.

Tracy Corrigan

Stephanie Flanders · Economics Notebook

New ways forward for Africa

An initiative to aid the sub-Sahara's development deserves serious study

I said last week that the plight of much of sub-Saharan Africa is beginning to get the attention among policy-makers that it deserves. The search is on for ways to help support a sea-change in these countries' development. But what, precisely, can be done?

Jeffrey Sachs, director of the Harvard Institute for International Development, recently submitted one possible plan of action to both the US Treasury and members of Congress.

The spirit of the institute's proposals, if not the detail, is in line with the latest conclusions of many African governments as well as academics and long-time development workers. Whether Congress will also sign up to the proposals is another matter.

Professor Sachs focuses on the US, although much of the plan relies on, or would be strengthened by, co-operation with multilateral organisations such as the World Bank and donors such as the European Union.

Dubbed "A Partnership for Growth in Africa", the plan would involve the US taking the lead in giving selected African countries five kinds of help:

- Expanded access to US markets to foster rapid growth of exports, conditional on significant economic reform and trade liberalisation by the recipients.
- Deep and rapid write-offs of foreign debt (considerably more generous than the multilateral debt initiative launched earlier this year).
- Temporary balance of payments support to aid macro-economic reform.
- US corporate tax incentives to stimulate direct foreign investment in the region.
- Direct support for basic and applied research in health, agriculture and the environment.
- Help in revitalising and expanding key infrastructure, especially rural roads and telecommunications.

At first sight, the proposals seem to have much in common with other high-profile efforts to support African development which have been launched repeatedly since the 1960s.

In 1965, the average per capita income in sub-Saharan Africa was 60 per cent of the developing world average; today it is less than 35 per cent. Sceptics are entitled to ask why this new initiative should be any more successful.

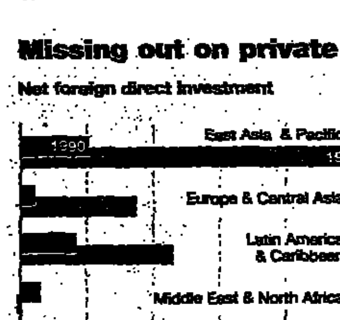
The plan reflects three key lessons about the development process – and the impact of foreign aid – only recently fully understood. The first is the central importance to growth of being open to the outside world. Like many other academics in the field, Professor Sachs reckons moving from closed markets to completely open ones can boost the growth rate of the average developing country significantly; by his reckoning, by as much as 2.2 percentage points a year.

Protectionism in sub-Saharan Africa appears to have played a particularly large part in the region's stagnation.

A World Bank study published last year found that domestic trade barriers in sub-Saharan Africa cost the region $11bn (£7bn) a year, equivalent to the total aid to the region from developed countries in 1991.

Missing out on private capital

Net foreign direct investment



The dependency top 10

	Aid as a % of GDP	Aid as a % of domestic investment
Mozambique	101	139
Rwanda	95	1,048
Guinea-Bissau	74	370
Nicaragua	46	177
Malawi	38	228
Haiti	37	2,190
Sierra Leone	36	377
Burundi	32	336
Tanzania	30	92
Mali	28	163

Source: World Bank, World Development Indicators

The second lesson is the need to be selective. It is clear – and this is given strong support by new World Bank research reported in today's FT – that aid cannot create the political and institutional conditions for successful changes in policy; it can only exploit them.

Yet this conclusion, however damning, need not be a counsel of despair. Craig Burnside and David Dollar, the authors of the World Bank study, note that quite a few, very poor countries have recently stopped talking about reform and started actually delivering.

Heavy debt relief and other help could make a huge difference to their long-term success. If only donors would decide to focus more assistance on these countries, and less on places where it is likely to be wasted.

On the same reasoning, the Harvard institute's proposal reckons that only a very small number of sub-Saharan countries might qualify tomorrow for the new programme. It lists five possible candidates: Uganda, Ghana, Mali, Malawi and Mozambique. The hope is that the success of early entrants will inspire others to take the plunge.

The third key element of the plan, which tallies with the recent thinking of many African governments, is that this time the support must have a credible time limit. Across the continent, aid recipients and aid providers are more and more aware of the economic and social damage caused by long-term dependency.

Where aid makes up 15 per cent, sometimes more than 30 per cent of GDP, and half, even 75 per cent, of domestic investment, the government has become almost a bystander in its country's affairs. Almost every decision, every investment, is either taken by donors or taken with them in mind.

Many programmes are now expressly designed to guard against this problem. But the sheer volume of outside involvement makes it all but inevitable. Countries participating in the Harvard institute's plan would get short-term support in managing the transition to a pro-growth strategy, but it would be strictly limited to five years.

"At the end of the process, foreign aid as we know it will come to an end." Any country which abandons the programme halfway through would lose all direct or indirect assistance, and would not be able to re-apply for five years.

Is any of this possible? Believable, even? The US Congress and the parliaments of other major donor countries may not think so. Nor may they think that the chance of encouraging faster growth in Africa merits the estimated $1.4bn per year price tag of the entire package.

With such a long legacy of failure on both sides, it is perfectly possible – likely, even – that something close to the Harvard institute's plan will not achieve a dramatic change in sub-Saharan Africa's prospects.

But the evidence suggests it would be a signal improvement on the status quo. At any event, just over one hundredth of 1 per cent of the combined budget of the governments of the Organisation for Economic Co-operation and Development seems a small price to pay to find out.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 13.04.97: Pool purchase price £/MWh	Final Prices for Trading on 16.03.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.22	18.50	20.02
0100	15.22	34.64	36.16
0130	15.22	34.64	36.16
0200	24.58	34.64	36.16
0230	37.58	11.77	13.29
0300	24.58	11.77	13.29
0330	15.22	11.71	11.71
0400	15.22	11.67	11.67
0430	15.22	11.61	11.61
0500	15.22	11.58	11.58
0530	18.33	11.80	13.33
0600	18.49	11.67	11.67
0630	14.07	11.80	13.33
0700	14.07	11.65	11.65
0730	14.07	11.63	11.63
0800	26.83	11.62	11.62
0830	26.83	11.62	11.62
0900	26.83	11.65	11.65
0930	26.83	11.67	11.67
1000	18.49	11.72	11.72
1030	26.83	12.42	13.95
1100	26.83	21.04	22.58
1130	26.83	23.30	24.82
1200	38.87	48.47	50.00
1230	38.87	48.47	50.00
1300	38.87	48.47	50.00
1330	29.37	21.04	22.58
1400	19.56	11.72	11.72
1430	19.56	11.67	11.67
1500	19.56	11.65	11.65
1530	19.56	11.65	11.65
1600	19.56	11.65	11.65
1630	19.56	11.63	11.63
1700	19.56	11.63	11.63
1730	19.56	11.67	11.67
1800	19.56	12.42	13.95
1830	19.56	23.84	25.36
1900	19.56	30.13	31.65
1930	19.56	45.59	47.11
2000	19.56	45.59	47.11
2030	19.56	45.59	47.11
2100	42.53	23.84	25.36
2130	42.53	23.58	25.10
2200	42.53	23.84	25.36
2230	19.91	21.04	22.58
2300	19.91	12.42	13.95
2330	19.91	12.42	13.95
2400	18.49	12.42	13.95

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.86/MWh becomes 1.986p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon [illegible]

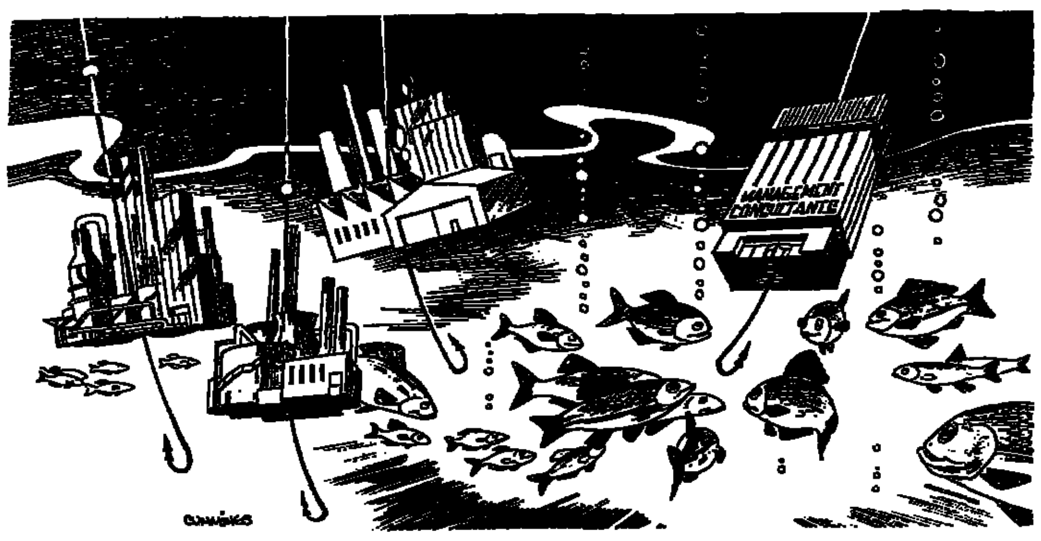
Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 14.04.97: Pool purchase price £/MWh	Final Prices for Trading on 17.03.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.68	12.42	13.77
0100	11.68	12.42	13.77
0130	14.07	12.42	13.77
0200	19.91	12.42	13.77
0230	19.91	12.42	13.77
0300	22.52	12.42	13.77
0330	22.52	11.78	11.78
0400	22.52	11.71	11.71
0430	22.52	11.65	11.65
0500	22.52	11.65	11.65
0530	18.64	11.62	11.62
0600	11.60	11.60	11.60
0630	18.64	11.66	11.66
0700	13.99	11.65	11.65
0730	23.41	11.74	13.08
0800	23.41	20.45	21.79
0830	23.42	19.83	21.18
0900	23.44	20.45	21.79
0930	26.91	36.81	38.15
1000	26.96	42.68	44.03
1030	27.85	42.68	44.03
1100	50.30	29.25	30.59
1130	50.32	29.25	30.59
1200	50.32	35.60	36.94
1230	50.27	50.76	52.11
1300	31.43	35.60	36.94
1330	31.37	35.60	36.94
1400	26.89	35.60	36.94
1430	23.43	21.83	23.17
1500	23.42	21.83	23.17
1530	23.42	21.83	23.17
1600	23.42	21.83	23.17
1630	48.58	24.21	25.55
1700	49.59	27.47	28.82
1730	49.58	27.48	28.82
1800	49.57	32.14	33.48
1830	23.41	42.77	44.18
1900	23.41	56.47	57.90
1930	23.41	56.47	57.90
2000	22.74	56.31	57.70
2030	23.19	42.61	43.96
2100	32.76	24.47	25.81
2130	32.76	24.47	25.81
2200	32.76	24.47	25.81
2230	32.76	20.45	21.79
2300	30.56	12.40	13.74
2330	22.70	11.67	11.67
2400	22.70	11.68	11.68

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon [illegible]

Businesses need to find a lure to replace the job for life contract, says Tony Jackson

How to hook the talent in the pool



Tucked away in last Monday's edition of the FT were two neatly contrasting stories. The first said British Aerospace was to lure top-flight engineering graduates by offering them a 50 per cent salary premium. The second said this year's top choice of employer among American MBA graduates is, yet again, McKinsey.

It is not news that smart young graduates would rather be management consultants than run factories. But perhaps there is a subtler message: that the abandonment of the old employment contract – the job for life – works against some companies and in favour of others.

Consider the prospects for a graduate engineer in an industry such as aerospace. The work is specialised, and the industry highly cyclical. If your company downsizes, its rivals are probably doing the same. If it happens to you at 50, your working life may be over.

This presents a problem for British Aerospace. It needs to attract a pool of talent from which it can pick the company's leaders in 15 or 20 years' time. But the de-layering of management makes reaching the top a longer shot than it used to be.

McKinsey's case is quite the opposite. Few expect to stay for more than a decade or so. Many will then move into management. A background in consulting is a splendid way to hedge one's bets in an age of uncertainty.

British Aerospace's problem is not unique. Bruce Pasternack, who runs the San Francisco office of the consultants Booz Allen, says it applies with particular force in the oil industry.

Oil companies, Pasternack says, have yet to develop generalised management skills among their employees. "The question I ask them," he says, "is how many people have been head-hunted from their company to work at a senior level outside the industry. So far, I haven't found a single case."

Like the aerospace engineer, the refinery manager out of work at 50 faces a bleak future. "That makes the oil companies unattractive to young recruits," Pasternack says. "At Davos [the World Economic Summit] this year, that turned out to be the key issue for the industry: how to get leaders for 20 to 30 years out."

The same applies, he says, to other industries: steel, mining, chemicals, the regulated utilities, banking and insurance.

But while the problem is real enough, not everyone agrees with the diagnosis. Last year, according to Sumantra Ghoshal of the London Business School, McKinsey offered jobs to four Harvard Business School graduates who also had offers from the US energy group Enron. Three of the four picked Enron.

"Enron has revolutionised itself," Ghoshal says. "It's an industry leader. The issue here is not to do with companies, industries or even the nature of the job. It's to do with people."

In Ghoshal's analysis, there are two aspects to the puzzle. "One is the smell of the place: the internal environment. The reason people don't go to a lot of companies is not the marginal £500 of pay, but the fact that, metaphorically, these places stink. They're tired, they're politicised. Other places have an exciting smell."

The second part is employability. "That is partly a question of investment in people. People join a company like Motorola because it has a reputation for training. People can choose their own training structure, and their assignments. It's also a question of how you structure work. I suspect only a very few jobs are so narrowly structured that they don't lead anywhere."

Pasternack and Ghoshal agree on one point. As a matter of vital self-interest, companies need to replace the old job-for-life contract with a modern equivalent. Pasternack talks of a "new people partnership": Ghoshal, in a forthcoming book (*The Individualised Corporation*, with Christopher Bartlett), of a new moral contract.

First, recruits need the promise of being trained and developed so as to have the permanent option of employment elsewhere. Second, the company needs to ensure the option is exercised at its discretion, not the employees'. It wants a stable and committed workforce, but one which can still be got rid of.

It is a difficult trick. For examples, Ghoshal and Pasternack both turn to the US high-tech electronics industry: to Intel, Motorola and Hewlett-Packard. Such companies have the opposite problem to the oil industry. Their workers are all too employable, and open to poaching.

Hence the emphasis on training. Intel runs 2,800 training courses, and senior managers are expected to teach at least once a quarter. Every Motorola employee, from the chief executive downwards, must undertake at least 40 hours of formal coursework each year. If Intel workers lose their jobs, they are transferred to a redeployment pool for between four months and six months, where they can either apply for new jobs in Intel or get trained for jobs outside.

As Ghoshal observes, this is far from altruistic. Employees could cash in their employability and move for more money, but might hesitate if their new employer did not have the same commitment to career development.

High wages may not be part of the new contract. The British Aerospace approach, Ghoshal says, has a problem – not of cost, but motive. "Mercenaries tend to move on and not become marines. Can you build a company with a mercenary force?"

Noble (left) and Lane: 'most of our [illegible]'

PARTNERS

Loch Fyne Oysters

John Noble, 63, and Andrew Lane, 45, founded Loch Fyne Oysters in 1978, an oyster farm, based on the Ardkinglas Estate in Argyll. They now farm mussels, smoke salmon and have three restaurants, in Loch Fyne, Nottingham and Peterborough. Their annual turnover is £8m.

John: "It was Andy who suggested buying seed oysters and farming them. I'd just inherited the land from my father, so I could provide the facilities, but not a great deal of money.

Andy's not only immensely practical but deeply knowledgeable when it comes to fish farming. Even now I only have the vaguest idea about the science of it all. We had no rule-books, we simply had to invent the wheel of growing oysters on Loch Fyne. Andy could do all the arduous things, like banging in posts with the tide swirling at his feet, whereas my contribution came much later.

I'd worked in the wine business so knew about restaurants and marketing, but it took us many years before we had anything of our own to sell. At one stage I used my wine contacts to send Andy off to learn about oyster farming in France. In the end we adapted and borrowed a lot of their techniques.

The first 12 years were pretty slow going. We were restrained by not having much money, which was a good thing. Sometimes a lot of money can be a curse in business because you either end up spending it all at once, or spending it on the wrong things. Being in such a remote part meant we could employ local people. It's helped the company's stability because staff aren't so transitory in rural areas.

Andy and I [illegible] quality seafood."

Andrew: "It was brave of Johnny [illegible] act of faith. [illegible] three years later.

I was pretty [illegible] early days. We [illegible] survived [illegible] than judgment. The oyster-growing [illegible] years to get [illegible] finding other [illegible] income. We began [illegible] shellfish off the [illegible] selling it from [illegible] the road. Then in [illegible] bought some [illegible] buildings and turned it into our first restaurant.

Most of our inspiration came out of desperation. [illegible] was always to keep [illegible] when we realised the oyster business would take a [illegible] commitment. [illegible] work. I didn't want [illegible] penniless [illegible] so I kept on going.

Also, Johnny is extremely dogged. One of his [illegible] qualities is [illegible] had. If I'd been in partnership with someone [illegible] thought about [illegible] themselves [illegible] than farming [illegible] been depressing.

Shellfish [illegible] enormous [illegible] commitment [illegible] there at [illegible] middle of November [illegible] the weather [illegible] often one [illegible] opportunity [illegible] pioneer [illegible] beautiful part of the world."

[illegible]

Viewpoint · The Kingsway Group

Erosion of competence

Action must be taken to rebuild analytic expertise

Head office and support functions have been cut to the bone in recent years. This has brought many benefits, but one disadvantage has not been fully recognised – the effect on the analytic competence of British management.

In the postwar period, and particularly from the early 1960s, most large British enterprises developed specialist groups to provide in-house problem solving and decision support services to the rest of the organisation.

They went by a variety of names, with operational research the most common, and were 10 to 30 strong in many organisations. In a few they approached 100 qualified staff.

While the number of such in-house groups has declined greatly, their work has not gone away. Much of it has been outsourced to consultancies, but buying in expertise rather than having it in the career structure does more than reduce overheads.

UK companies and public agencies are liberally populated with senior managers whose entry point or early career was in an analytic support group. These groups served as recruitment points, in particular for graduates with a technical background – mathematics, statistics, computing – who then received a broad exposure to the gamut of managerial problems before making the transition to a line function.

The existence of a group from which rigorous analysis could be commissioned was reinforced by the penetration of its alumni throughout the organisation.

Today the common route to a managerial career is via an MBA. The best MBA entrants can be very good. The less good, however, are liable to apply formulae or procedures as if they were gospel, rather than think through the relevance of the – often unremembered – assumptions needed for them to work.

This would not matter in a culture of quantitatively based commonsense. Without this, it can lead to errors – in some cases on a grand scale.

There are a number of ways in which the valuable culture of quantitative commonsense could be preserved and extended:

- A new form of in-house group which could be based, for example, on the model of corporate business development groups, with a greater analytic emphasis in recruitment.
- Alliances with consultancies, which would include a two-way flow of staff on secondment. This would allow a softening of the career barrier between corporation and consultancy and permit the analytic standards of the consulting group to cross into the corporate culture.
- Alliances with universities, combining full-time analytic training, work experience and periodical "recall" sessions for exchange of experiences and reflection by the trainees.
- More open examination of how and why specific managerial decisions have gone wrong. Failures should be seen as prime sources for good managers to learn how to do better, not as skeletons to be rapidly buried and forgotten.

None of these ideas is likely to get very far without some shift in the way senior executives think about how key decisions should be made. Board-level managers have to create and maintain a demand for top-quality analytic thinking.

They must insist that proposals which come before them have clearly defined objectives, with agreed milestones along the route; that thorough sensitivity analysis is carried out to identify what might go wrong; and that projects have clear owners who will be held accountable for making sure that the right things happen at the right times.

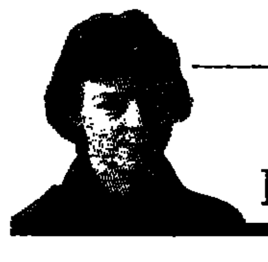
Junior executives have to change, too. They must learn how to produce top-quality thinking, but they must also recognise that top-quality analysis is a sign of top-quality thinking by real managers – not an exercise carried out by MBAs, computer technicians or accountants in some back room.

We may be biased – we all began in analytic-type jobs – but we believe a greater emphasis on analytic skills and intellectual rigour would improve the quality of decision making by top managers, who are under ever increasing pressure to perform in ever more difficult circumstances.

Does anyone out there agree?

Current members of the Kingsway Group are: Norman Cohen, marketing director, London Transport; Richard Gibbs, chief executive, Kingston & Richmond Health Authority; Ian Harrison, company secretary, Courtaulds; Jonathan Rosenhead, professor of operational research, London School of Economics; Paul Thornton, partner, French Thornton.

Revealed: the secret of maximum success



Lucy Kellaway

There is a certain kind of person who always lands the best job, the biggest pay rise and the best degree without seeming to do much work and without showing any signs of remarkable intelligence.

Richard Koch, a management consultant and entrepreneur is, on his own account, one such. He got a congratulatory first class degree at Oxford without attending a lecture or reading one book from cover to cover and an "effortless" MBA.

And then he breezed through Bain and Boston Consulting Group, setting up his own management consultancy so that others could do most of the work while he got most of the cash. At the top of the market he sold out to his luckless partners only to reinvest the proceeds in successful ventures including Filofax, hotels, and Belgo restaurants. As a sideline he keeps himself busy writing (or rather co-writing) a management book every few months.

The latest, *The 80/20 Principle*, to be published in May, explains how he has done so brilliantly and promises to show how we, too, could put less in and get more out.

I make no apology to Koch for not having read his book in its entirety. The point of the book is that 80 per cent of the results flow from only 20 per cent of the causes, and therefore I have read a scant fifth of the pages, and am confident that I have picked up at least 80 per cent of the gist. Included are numerous bar charts and pie charts, showing us, variously, what 80 per cent and 20 per cent look like. Several pages are padded with an experiment showing that if you take 100 people, some will drink considerably more beer than others.

Overall, the message appears to be that some things are much more productive/enjoyable/profitable than others, and we should concentrate more on these things.

Equally some workers/customers are more worthwhile than others: brewers would do better to attend to the people who drink eight pints a day rather than on those who drink half-a-pint a week. It is not exactly a revelation. And I am living proof that it is quite possible to know all that, and possess neither a first class degree nor a fortune.

One of the most important lessons that parents try to teach their children is to share. But precious few have really mastered the art themselves, to judge by a new survey of office workers' etiquette.

It shows that nearly half of us will happily remove a colleague's document from the fax machine halfway through transmission and put our own in instead. Admittedly, the survey was conducted by Gestetner, yet the picture that the survey presents is all too realistic: no one wants to put more paper in the photocopier when they have used the last sheet, but everyone is furious when they find the machine always empty.

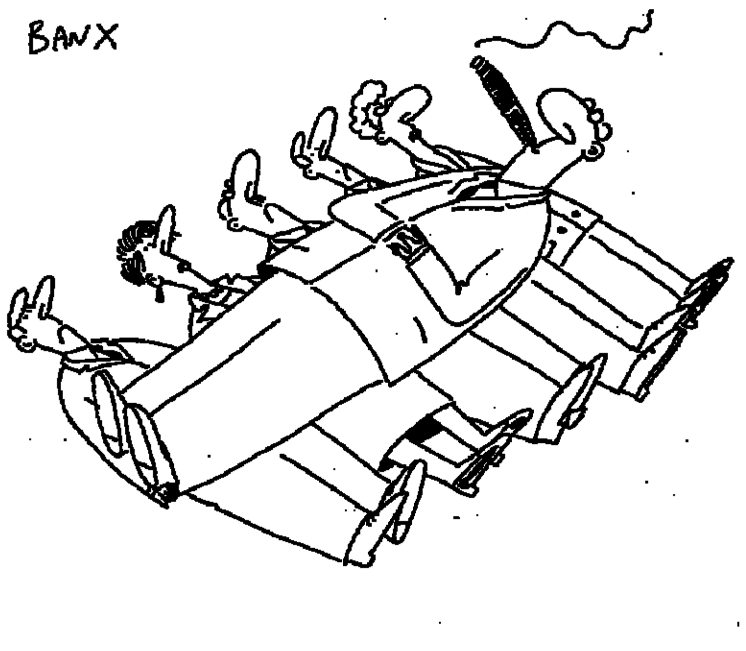
Scratch the surface and most of us are not much better at sharing than the average five-year-old – a fact which most management theorists disregard. It is not clear how we can be expected to work happily and selflessly in tight-knit work teams when we can't be depended on to behave properly over the fax.

Industrialists wrote to the FT last week warning of embarrassing decay on London Underground. Money was needed, they said.

Yet it is not just money. A few weeks ago I was caught doing a bit of fare-dodging. The train I had been on was so late that I decided to change my plans and go somewhere else. Arriving at my destination, which was a zone further than I had paid for, I was told I could either pay a £10 fine or go to court. After a pointless, time-consuming, stress-inducing row, I handed over £10 and filled in a complaint form. Weeks have passed, I have heard nothing.

Money is part of the answer. The other part is better management – and this does *not* mean more Citizen's Charter-style stuff. The only difference this has made is that while you wait for the trains you can admire the posters that boast that your Tube line is meeting 98 per cent of its reliability targets.

A few weeks ago I suggested that meetings should be conducted standing up. At Digital Computers they take the opposite line: they have meetings lying down. "When we're lying down we're much more open to one another's arguments," a Digital manager was quoted as saying in the latest *Director* magazine. Maybe; though a more obvious advantage of lying down is that you don't have to look at your colleagues. But how on earth are you supposed to keep awake? Or is the idea that you are more creative when asleep?



Amp charge

The Advanced Management Programme in Scotland, which made its debut last year, is appointing a full-time chief executive. Nicholas Terry, a senior lecturer at Edinburgh university, has hitherto been the part-time faculty chairman. Peter Mackay, the former civil servant who presided over the launch, will step aside as executive director.

The Amp in Scotland is a two-week programme held in June and July at Aberdeen university for managers approaching the top rung of the corporate ladder. Although many of the 40-odd places are taken by Scottish executives, other participants come from elsewhere in the UK, the Irish Republic, Saudi Arabia and Australia.

The faculty includes Robert Glauber, a former chairman of the Harvard Amp and once under-secretary of the US Treasury, and Marc Bertoneche, finance professor at Insead.

James Buxton

Victoria Griffith looks at ways of reducing negativity in the company

Accentuate the upbeat

Despite an extremely low unemployment rate – about 5.3 per cent – and a stockmarket boom that has lifted the wealth of many Americans, pessimism apparently runs deep among US workers.

A Colorado-based training company called CareerTrack says its course on negativity is by far its most popular. CareerTrack has given seminars on negativity to more than 32,000 people at 271 companies over the past few years.

The reason, says Lani Arredondo, who teaches the course, is that Americans feel increasingly insecure: "There's still downsizing going on, and even though you could probably find another job easily in this economy, it makes people feel uneasy about the future."

Another source of insecurity is life outside the office. "People just don't get the support they used to get from family, community, and church," says the negativity professor. "So they are more likely to take out hostile feelings on co-workers."

The danger for corporations, warns CareerTrack, is that the negative feelings spread like a virus, paralysing the organisation.

"I think we all feel some pessimism at times," says Timothy Lenke, head of training at KC Aviation. Lenke asked CareerTrack to give negativity seminars last autumn, and says it has helped him personally. "Now I recognise when my own behaviour is negative and try to address that up-front," says the executive.

CareerTrack believes pessimism in the workplace costs US companies billions of dollars a year through higher absentee and attrition rates and more lethargic workers.

Not surprisingly, pessimism can be especially acute at downsizing corporations. Arredondo urges companies to be open in order to avoid harmful rumours. An effective outplacement programme also boosts morale.

But high-growth businesses can also be affected. "High-growth companies often go through a lot of changes, and that can make employees nervous," says Arredondo.

Another source of resentment may be a huge salary gap between upper-level managers and other workers. "An employee who's getting no benefit from a company's success may rightfully feel some hostility," says the professor.

To combat negativity, Arredondo advises companies to ban certain behaviour. Managers should never talk to employees in a degrading manner, using phrases such as: "How could you be so stupid!" or "You never do anything right!".

And no one in the company should ever utter the words: "I don't care."

Other behaviour Arredondo classifies as negative includes shrugging shoulders, rolling eyes, avoiding eye contact, and walking away when a colleague is talking.

Although upbeat workers are valuable, Arredondo is careful to draw a distinction between criticism and negativity. "Companies can benefit from an employee who always points out *how things could be done better*," says Arredondo. "Mavericks have an agenda for change, and that's good. Negative employees tend to just shut down."

What should a manager do about a negative worker? First, advises Arredondo, offer training. Employees often feel negative when they are not up to the task.

Second, consider placing the worker in a more suitable position. An employee who is performing terribly in sales may do a terrific job in financial analysis, for instance.

If none of this works, the manager should consider dismissal. "Negative thinking is so contagious," says Arredondo. "A company just can't afford to have these people around."

NEWS FROM CAMPUS

MBA students on the right tracks

A total of 150 MBA students from ISA at the Hec school of management in France will next week tell the big cheeses in the world of European railways what they think of the commercial future of railways in continental Europe.

Present at the debate, among others, will be John Wilson, principal administrator for railway transport at the European Commission.
Hec: France, 1 39 67 94 23

International debate expands online

On April 18 the Indiana university school of business will use videoconferencing to launch its biannual series of multinational conferences. Five sites will be linked in Chicago, New York, London, Paris and Frankfurt.

The first topics will be virtual shopping and management development and assessment.

● On the same day the Kellogg school at Northwestern university will broadcast its first global business conference live over the Internet using Microsoft NetShow. The topic: how to compete in the new millennium.
Indiana: US, 812 855 5944
Kellogg: US, 847 332 6220

Tartan council for Scottish business

Strathclyde business school has appointed a council of business people to help the school identify issues of strategic importance and so increase Scottish competitiveness.

The think tank of 12 will be be headed by Ian Robinson, chief executive of ScottishPower.
Strathclyde: UK, (0)141 552 4400

A real brick takes up residence at Ivey

The Richard Ivey school of business at the University of Western Ontario has appointed its latest executive-in-residence.

Retail specialist Bruce Reid, past president and CEO of The Brick, will assist in course development and teaching.
Ivey: Canada, 519 661 3206

Commentary • Winston Fletcher

Let the admen stick to their knitting

One hesitates to contradict Martin Sorrell, that most illustrious of leaders in the advertising world. He has built WPP from a titchy wire basket company into the largest marketing communications group in the known universe. Nonetheless, his article in the current issue of Admap, that most sagacious of advertising publications, is tosh.

Perhaps significantly, Sorrell's views are echoed in *Disruption*, a new book by Jean-Marie Dru, another advertising luminary. Dru is a co-founder and chairman of the BDDP Group, one of France's three biggest international agencies.

Though superficially different, Sorrell and Dru's theses boil down to much the same conclusion: advertising agencies aren't sufficiently creative. This will come as a surprise to those who work in agencies, and indeed to the public at large. The endless stream of inventive, stylish and witty commercials, posters and print ads which constantly flow from the admen's magic markers are almost universally praised for their creativity, even if not always for their social responsibility.

So what are Sorrell and Dru griping about? Their concern – Sorrell is explicit about this, Dru more oblique – is that advertising agencies nowadays focus too much on the aforementioned, much admired commercials, posters and print ads, but fail to probe their clients' wider, strategic business requirements.

Sorrell argues: "There was a time when client companies would welcome an agency's thoughts on just about all aspects of their business. Today only creative departments are expected to be creative."

He goes on to say that since advertising agencies are bastions of creativity they could, and should, be bombarding their clients with creative ideas.

Dru also believes that agencies can and should help clients in many more ways than just providing advertising.

Neither hazards a guess whether clients really want their agencies to inundate them with creative thoughts on everything from audit to zirconium costs. But the fundamental reason I believe Sorrell and Dru are wrong is that they have failed to read their Adam Smith. To update the 18th century philosopher's lingo, they don't accept that agencies should stick to their knitting.

They don't accept that specialisation of labour is one of the most potent forces in any advanced economy. Nowhere is this truer than in highly sophisticated personal service businesses.

In those good old days, to which Sorrell looks back with nostalgia, marketing communications were far less specialised. Market research hardly existed; there was one commercial television station; database marketing was in knee-pants; packs were designed on the backs of envelopes.

Clients can still, easily, find agencies who will give them advice about all aspects of their business. And they can easily find agencies which provide a plethora of marketing services under one roof. The question is whether they want the minimal benefit of one-stop shopping, or whether they want the best services available.

Nowadays the best available services will usually be found in highly specialised companies. In marketing, as in medicine, there is a role for the general practitioner, who can rapidly assess a situation and then farm it out to the appropriate specialist. But that person need not work in an advertising agency.

Surely the generalist must work in the client company? Assessing situations and deciding how best to tackle them is what marketing directors are paid to do. Over tea or a tee, they might politely ask their agency chairman for his thoughts. But if the client wants serious external input he will naturally, and rightly, go to an independent consultancy.

The reason panjandrums, as well as lesser mortals, get confused about all this is, I believe, embedded in that slippery word creativity.

Both Sorrell and Dru worship at the creativity shrine. Creativity is the motherhood and apple pie of modern business dogma. This has led people to think that creativity is a singular, particular ability. It isn't.

Creativity, like all human abilities, comes in many shapes and sizes. I would think twice before employing a research physicist, no matter how creative, as a movie director.

I regularly write feature articles, but I'm a poor copywriter – as, incidentally, are most journalists.

All creative people like to have a go at being Renaissance men occasionally, to have a crack at things outside their specialisation. Few ever succeed.

Of course, all kinds of different creative people can be employed by, and managed by, generalists.

But one of the greatest benefits of the free enterprise system is that it forces companies to specialise at what they are best at.

Advertising agencies are exceptionally good at making advertisements. And that's difficult enough, goddamnit. Adam Smith lives!

Disruption: Overturning Conventions and Shaking the Marketplace by Jean-Marie Dru (John Wiley & Sons, £19.99).

Winston Fletcher is chairman of advertising group Bozell UK Holdings.

Ad in the News • Passat

Obsession bears fruit

A scientist is staring deeply and meaningfully at an upturned avocado. He admires its curves and the way it moves around the table. Obsessed with the shape, he becomes addicted to curves. We see him filming a statue's bottom, and he can't resist stroking the curved head of a bald man on the bus.

Fretting in his office, surrounded by drawings of curves, we're starting to worry about the man's sanity. Then the camera draws back to reveal his lapel tag: "K Schneider, Design Kapitan" at Volkswagen.

Herr Schneider is one of five "VW employees" in a £14m ($23m) UK campaign promoting the new Passat. The idea is to show how obsessed the VW development staff are with crafting the new Passat. Other commercials feature a boffin obsessed with the clunk of the Passat's door, and an engineer ignoring his scantily clad wife to discuss pressurised water jets.

It's very adventurous advertising. We do not see the car in some of the ads until the end. In others, we are left to ponder what is going on for as much as three-quarters of the spot.

But once the viewer understands the "obsession" idea (spoofing the Calvin Klein perfume campaign) everything falls into place.

Strategically, this is among the more intriguing current campaigns. "If only everything in life was as reliable as a Volkswagen" is one of the strongest advertising slogans.

With the Passat launch, VW had to retain notions of value and reliability while persuading us that the new Passat is sexier than its predecessor. That's a lot to say in one campaign.

It works because the creative ideas are born out of recognisable truths. British consumers accept that German cars are precision-engineered because they believe their manufacturers share a Teutonic obsession with detail.

When the agency team went to the factory in Germany and found there really were obsessive craftsmen at work, the leap to this campaign idea became logical. But it is the light touch in the direction and performances that allows us to receive the intended message.

These commercials have a winning humour which is at the heart of all Volkswagen advertising. But VW will have to spend most of that £14m to convince us that the old, boring Passat has become a car worth obsessing about.

Stefano Hatfield

The author is editor of Campaign.

Curvacious: the Passat is going for a sexier image.

Jazz station turns circles to expand market share

Commercial radio station Jazz FM moves into the restaurant business with the opening of Cafe Jazbar in Liverpool's Albert Dock on Thursday. It is the first in a chain of branded cafés planned by Jazz FM, which operates in London and north-west England, as part of a new strategy described by Richard Wheatley, its chief executive, as "360 degree brand exploitation".

Wheatley and his management team no longer regard Jazz FM as simply a commercial radio station. "We are in the jazz entertainment business," he explains.

"Conventionally, a radio station's performance is considered according to revenue per 1,000 hours sold to advertisers. We are now looking at it in terms of revenue per 1,000 listeners – to develop our business through real affinity marketing to listeners with a range of high quality jazz-related products and services."

It is a strategy born of necessity. Jazz FM, owned by Golden Rose Communications, was launched in London in 1990 and in the North-West four years later. GRC subsequently set up the ill-fated women's radio station Viva!, but found the station's operating costs and poor performance were affecting its business.

By the time Wheatley joined GRC in October 1995, the company was struggling.

"One of the first things the new management team did was to ask 'What business are we in?'," he says. The old management had believed they were in the radio business, but that posed a problem.

"The largest commercial radio players have upwards of 20 licences. GRC at that time had just three. It was too little, too late. There was little point in struggling to be a medium-sized company."

The jazz stations were underperforming. Programme changes had diluted the format and a rebranding exercise calling them "JFM" was confusing listeners.

Wheatley set about moving the jazz stations back to their original positioning and name, and negotiated a deal last summer to sell Viva! to Mohamed al Fayed, the owner of Harrods.

Jazz FM's weekly audiences grew to around 1m – a viable business, but still a small one. The challenge was to increase revenue.

The answer lay with the station's listeners. Jazz FM enjoys a clear, niche audience that is young, affluent and upmarket. "Jazz is not just music – it defines a lifestyle. So it has broader relevance to other areas, such as leisure, travel and clothing," says Wheatley.

A plan was made to strengthen audience links and develop additional revenue streams. "It's about using the brand wherever possible and working through partnerships to share other people's skills and money to keep our own capital investment down."

The first step was the launch of a Jazz FM record label last autumn. Two CDs have been released so far. Then came Cafe Jazbar. Next will come a Jazz FM-branded upmarket travel service in partnership with Thomas Cook and British Airways.

The restaurant business is an ambitious departure, says Wheatley. Unlike Capital Radio, London's pop music station which recently bought the themed restaurants business My Kinda Town for £51m ($83m), GRC is launching the Jazbar chain through a joint venture with leisure operator Regent Inns.

The chain will initially cover the 35 per cent of the population served by the two jazz stations. Cafe Jazbars will offer drinks, meals and upmarket snacks. Each will house a broadcast studio from which live acts will perform.

Meanwhile, "360 degree exploitation" continues to evolve. Restaurant and travel bookings as well as Jazz FM and Jazbar themed merchandise are being marketed on Jazz FM's Internet site.

Meg Carter

Staying active on a diet of sex and sport

The latest player in the men's magazine market is aimed at participants rather than spectators, says Raymond Snoddy

Men's magazines in the UK used to mean only one thing. Seven or eight years ago they were products that appeared on the top shelf in newsagents or in sex shops. They were not very respectable and sometimes, when they went too far, there were prosecutions for obscenity.

Since then magazine after magazine has appeared to create a vibrant "men's general interest" sector which parallels for males the diversity of the traditional women's magazine market and has attracted most of the large publishing houses from Condé Nast to Emap.

First there was Arena, GQ and Esquire. Since then the sector has blossomed to include FHM, the leader in terms of circulation, Maxim, Loaded, Stuff and Men's Health, which has been a surprising success.

The men's general interest sector now accounts for sales of around 1.5m copies a month – at up to £2.70 a copy and packed with expensive-looking "aspirational" advertising.

The titles, whether upmarket or glossy in-your-face "tabloids", have one thing in common – they all have attractive women on the front cover in various stages of undress and, like many women's magazines, there is a tireless interest in sex.

"It's all good clean smut. Nothing remotely gynaecological," as one editor put it.

Angus MacKinnon, editor of Condé Nast's GQ, suggests that there are now magazines for "men, chaps, blokes, guys and lads". Although it is not possible to assign a title precisely to each type, FHM, he believes, is definitely for blokes and Loaded for lads.

Into this highly competitive marketplace Condé Nast has launched a new player this month – GQ Active. This is a spin-off from the successful GQ, which averaged sales of 148,574 in the six months to last December. This is the latest period for which figures are available.

GQ Active, aimed at the more sporty and health-conscious types among the GQ readership, honours all the main conventions of the genre. On the cover of the first edition, there is an attractive woman with a slightly unzipped top. Although there is useful advice on how to avoid heart attacks, the main article features a man who claims to have had sex with more than 3,000 women.

There are also articles on Paul Merson, midfield star with Arsenal football club, the merits of the male pill and the benefits of urine as a health tonic.

The editor of GQ Active, 34-year-old Simon Mills, was appropriately enough surfing in Hawaii when he was offered the editorship. He has a clear idea of who his readers are likely to be.

Apart from being aged between 25 and 35, the average reader is likely to be "cruising down the motorway in an Audi with a mountain bike on the roof".

The GQ Active reader would also be a participant rather than a spectator and Mills feels he is one of them. "I don't feel I have to second guess the readers. I know what I want and I hope that is what they want," he says.

Apart from surfing, Mills takes part in football, cycling, scuba diving and skiing as well as going to the gym.

GQ Active grew out of a popular Body and Soul section in GQ itself. A couple of pilot issues of GQ Active were published as a separate magazine. Research showed that they were well received by the target audience and the decision was taken to go ahead with the new magazine.

Condé Nast has spent just under £1m ($1.62m) on the launch. Of this, £500,000 was devoted to promotion. It is too early yet for definite sales figures to be available but around 80,000 is seen as attainable.

MacKinnon at GQ says he is not worried that GQ Active will cannibalise his market and says he was very much in favour of the idea. It is a way of extending the GQ brand in an increasingly competitive market.

"Being editor of a magazine is a bit like being a shark – you have to stay constantly on the move or you drown," he says.

Active appeal: Condé Nast's new magazine targets sporty 25-35 year-olds

Christopher Parkes on US broadcasters' concerns

Liberties in a free market

Deregulation unleashed a $50bn (£31bn) merger and acquisitions spree in the US broadcasting industry last year as television and radio stations changed hands at record pace.

But, as the Federal Communications Commission is at pains to underline, freedom in the marketplace does not include the right to take liberties.

Mr Reed Hundt, the regulatory commission's chairman, dropped in on a broadcasting industry convention last week to remind his listeners that the price of commercial freedom includes acknowledgement of the rights and requirements of the viewing public.

While the National Association of Broadcasters was mulling the impact of the FCC's recent "gift" of free channels for the launch of digital television, Mr Hundt politely suggested that the erosion of the amount of free airtime granted to public service announcements had gone far enough.

Networks were using most of the time previously allotted to projects such as anti-drug campaigns – $500m-worth annually, he estimated – to promote their own programmes.

It would also be a good idea, he added, for the industry to collaborate on a code of conduct to bar hard liquor advertising from the screen. The distillers' voluntary ban on TV promotion is crumbling and has attracted the attention of President Bill Clinton.

Mr Hundt has not always been so restrained in the 15 months since the Telecommunications Act loosened restrictions on the number of stations a single company could control and sparked the M&A binge.

Only three weeks before his NAB speech, he was in New Orleans, telling cable operators that if they cranked up their supply of "family-friendly" programming and increased their local services, they could become the main television supplier.

Such a Washington-friendly policy might also persuade him that cable could be left to its own devices with no need for further regulation by the FCC, he suggested, before attacking broadcasters' resistance to requests for a more practical rating system on TV programmes.

This is one of the most persistent points of friction between the FCC and the industry. In January, the industry introduced a "voluntary" system, based on film ratings, to signal on-screen if a programme was suitable for certain ages. TV-G, for example, is suitable for all, while TV-M is for mature audiences.

According to some surveys, most parents are happy with that. But the FCC, senate committees and influential lobby groups such as the National Parent-Teachers Association want specific warnings about sex, violence and foul language.

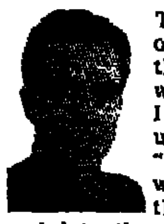
Mr Hundt skated around this topic in last week's address to the NAB, despite the criticism it had attracted.

Mr Jack Valenti, president of the Motion Picture Association of America, complained that three months was too short for the code to be judged properly. The industry should stand its ground, he suggested, despite the threat of legislation.

According to Mr Edward Fritts, NAB president, the coding dispute and the rest of Washington's demands represented nothing less than an assault on freedom of speech.

Tim Jackson

How to translate words into cash



There's a lot of talk about the way in which the Internet unchains "knowledge workers" from their desks and lets them work anywhere they wish. But practicalities often get in the way.

This is the story of Aleph.Com, a company in San Francisco that hopes to prosper by dealing with those practicalities for one group of professionals – translators.

Founded by Michael Demetrios, a former consultant and designer, Aleph.Com has gone some way to automating the process of finding and employing a translator.

Demetrios, now 30, started the business three years ago as a bulletin-board service for translators.

When the World Wide Web took off in 1995, he decided to redefine the business as a web-based service company. He became convinced that the translation industry had so much potential that he should concentrate on that alone.

"Traditional translation agencies are set in their ways," he says. "They often pay the translator only half what the client is billed, and they prefer to deal with locals.

"If you go to a San Francisco agency to translate a paper into German, the job may be done by a retired schoolteacher who hasn't stepped on German soil for 10 years."

Named after a short story by the Argentine writer Jorge Luis Borges (and also the first letter of the Hebrew and other Middle Eastern alphabets), Aleph.Com has nearly 3,000 translators, most of whom live in the country whose language is their main speciality.

Dealing with the company is simple. Potential clients come to its web site, pick the translation languages they want, and click to see a list of eligible translators and their rates.

Another click produces each translator's résumé with areas of technical speciality; a third produces an estimate for the job based on word length.

Customers can then fill in a simple web-based form with their contact information and more details of the job. This produces an automated e-mail explaining how to send the document over the Internet for translation.

When the document arrives, one of Aleph.Com's five employees checks its length, confirms the price and forwards the job across the Internet to the translator.

The company charges translators a flat fee per job, plus a commission, which works out at 35 per cent for small jobs such as translating a one-page document, but falls to 15 per cent for the average job and 10 per cent for bigger assignments. The company's minimum price to clients is $35 (£21.60).

One of Demetrios's challenges was finding a way to encourage communication between clients and translators without allowing the two to deal direct after the first job.

Aleph.Com has three lines of protection. First, it acts as an electronic intermediary, only divulging the parties' e-mail addresses to each other if they specifically ask.

Second, its translators' contracts require them to reject approaches from clients who try to cut Aleph.Com out of the deal.

Third, the company tries to justify its position in the chain. For translators, it saves the disagreeable jobs of accounting and billing, and assumes the credit risk. For clients, it guarantees quality and a substitute if a favoured translator is unavailable.

Today, Aleph.Com's client list includes Hewlett-Packard, Boeing, Bell Labs, Rockwell and The Gap – the last one being the only large client to send documents for translation on paper or by fax instead of by e-mail.

One big potential source of demand is the computer hardware and software industry, which has to translate technical manuals and help files but has traditionally done the job very badly.

One of the interesting consequences of use of the web could be the creation of demand for small-scale translation work.

In the past, a company might not bother to go after a piece of business that required corresponding in a foreign language, because finding a translator seemed troublesome.

With Aleph.Com the job becomes quicker, easier and cheaper. (It helps that the company offers three levels of skill and price, including bargain-basement work for simply getting the gist of a document.)

Demetrios believes he can achieve sales of over $3m this year, but needs $500,000 to $750,000 from new investors to pay for the marketing that will get him there. Any takers?

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Cyber sightings

by James Mackintosh

● Dun and Bradstreet, the US business information group (www.dnb.com/dbis/dnbhome.htm), has expanded its already excellent site to allow free searches of addresses and telephone numbers from over 17m companies. The site, which is well designed and remarkably quick, provides guides and tips on credit-scoring, managing a small business, protecting your company from fraud and many other issues. Dun and Bradstreet has made many of its reports, including background information on companies and evaluation of a company's supply record, available – for a charge – on the Net.

● Most online business mailing lists are snowed under with junk e-mail and get-rich-quick schemes, so it is refreshing to have a new list where serious discussion can take place. The International Business List (free subscription at www.earthsite.com/internat.html) generates around 20 e-mails a day, with the topics ranging from announcements of new Net resources to companies that are looking for sales representatives based overseas.

● There are now hundreds of sites devoted to indexing the Internet, and none is complete, although the largest – Yahoo! (www.yahoo.com), Infoseek (www.infoseek.com), Excite (www.excite.com) and AltaVista (www.altavista.com) – can provide thousands of matches for almost any key word. There are also plenty of "search engines" devoted to specialist areas, so the emergence of indices of the indices is very welcome. Beaucoup (www.beaucoup.com) is one of the best, with an index of both search engines and links to multi-language searches. Euroseek (www.euroseek.net) offers what is probably the Web's most multi-lingual search, with 27 languages – including Welsh.

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Mass market awaits rebirth

People in the UK are so unlike Americans in how they use the Internet that it may develop a different business format in Britain, based on charging subscriptions rather than advertising.

The contrasting approaches are highlighted in Media Futures 97, a report by The Henley Centre, the forecasting organisation.

Four out of five UK users taking part in an on-line survey say they generally use the Internet at work, while just under half say they generally use it at home. The proportions are reversed for US respondents.

Free local phone calls, the marketing success of online service providers and more households with computers lead to greater home use in the US, the report says.

More UK Internet users than US users are prepared to pay extra to gain access to specific information services, and fewer think the Internet is becoming too commercial.

At the same time, British Internet users are less engaged by advertising than their American equivalents.

The Henley Centre believes these contrasts could lead to a different business model for the Internet in the UK. "Rather than relying on advertising, Internet content providers, particularly those geared towards the UK business community, may be able to charge a subscription for access," the report says.

Both UK and US users agree in expecting to buy more goods and services through the Internet soon.

These findings are based on a survey of 1,000 "early adopters" – first users of the technology. The report says their tolerance of frustrations in using the system does not indicate mainstream attitudes towards the Internet.

"While the early adopters may put up with its idiosyncrasies, the Internet will need to reinvent itself before 'transitioning' to the mass consumer market," it says.

Alison Smith

Wind blows holes in controls

Hong Kong is rushing to log on to the Internet before the British colony becomes a "special administrative region" of China on July 1.

A year ago, 155 Hong Kong companies had Web pages physically located in the territory. A recent estimate puts the number at 493. This includes sites that might not be considered "politically correct" by Beijing. Most local political groups have sites, as do several labour and many religious organisations.

Fears for freedom of the press after the handover, raised in Hong Kong at this year's Fifth Triennial Conference of the Commonwealth Journalists' Association, may be driving this trend. Whatever the fate of the print media after the handover, the Net is likely to remain an outlet for uncensored views.

Dr G. S. Rao, of the computer services centre at the University of Brunei, Darussalam, points out: "Every country has a certain censorship, based on its religious model, and so on. Beijing tries to filter the sites that are not in line with their policy."

But the Net resists filters, says Rao. "Take Singapore, for example. The Singapore Broadcasting Corporation has a committee which chooses to block sites. What they can prevent is Web site news groups, but e-mail cannot be blocked in that way.

"Laos is the only country in south-east Asia that has banned the entire Net and prosecuted people who have tried to access it."

The difficulty for anyone who tries to filter the contents of the Net is that the medium resists it. Prohibiting access to content on the Net is nearly impossible.

"It is a bit like keeping out burglars," says Rao. "You can't prevent the professionals. Tightening the Net is difficult because the information flows like an unstoppable wind. Once you try to block people, they try to get in another way. The Net is unpoliceable."

Hong Kong has more people and companies on the Web than most economies in Asia because of its many dial-up Net access customers: an estimated 200,000.

According to the Political & Economic Risk Consultancy based in Hong Kong, the territory's 49 service providers are fighting hard for market share. Asia Online appears to be winning, with an estimated 20 per cent share. But it will have to compete increasingly with other providers. It all adds up to a vibrant commercial arena for the new technology.

Asian Intelligence No. 477, GPO Box 1342, Hong Kong.

Martin Mulligan

Travel News • Roger Bray

Ticketless routes

American Airlines will offer ticketless travel on two routes to Frankfurt – from Dallas-Fort Worth and Chicago – in a trial due to start on May 1.

Many airlines have launched electronic ticketing on domestic services, but few have done so on international routes. One already experimenting is Lufthansa, which is offering it to passengers booking in Germany and flying to Paris and London.

One problem to be overcome on the north Atlantic is the occasional requirement by US officials to see the return part of a ticket as evidence that the visitor does not intend to remain in the country.

It is expected that, eventually, these officials will have access to airline databases. In the short term, American hopes they will accept printed itineraries and receipts instead.

Heavier bookings

Aircraft have been fuller this year. The Association of European Airlines says its members, which include operators such as British Airways, Lufthansa and Air France, set a record for the number of seats filled in February. Passenger carryings have been increasing much more rapidly than capacity.

In the first two months of this year association members carried 10.7 per cent more international passengers but operated only 6.4 per cent more seat-kilometres than in the same period last year. On long-haul routes the gap was even wider. Traffic to Asia and Australasia matched the 10.7 per cent average increase, but capacity rose only 5.9 per cent. On flights to north Africa and the Middle East the figures were 14 per cent and 8.4 per cent respectively, and on the north Atlantic it was 13.6 per cent and 8.5 per cent.

This looks like an ominous pointer to higher fares. But the association says it is not clear whether airlines were selling tickets at deep discounts.

Eurostar upgrade

Eurostar will announce a souped-up premium class this week for business travellers using its Channel tunnel trains – with a promise of better meals and free connecting taxis in London, Paris and Brussels.

The influence of Richard Branson will be felt at London's Waterloo, where "limo bikes" will be available. They will provide and alternative to taxis for passengers anxious to beat the traffic. Branson, who introduced a similar motorcycle service for customers flying with his airline, Virgin Atlantic, has a stake in Eurostar's parent company, London and Continental. Future trains will have four classes instead of the present three.

Sabena deal

Belgian carrier Sabena has an agreement with the recently formed South African airline Nationwide, which will connect with its Brussels-Johannesburg services. Nationwide provides flights to Cape Town, Durban, George and Port Elizabeth, and plans to add East London from next winter.

Sabena will start flying between Brussels and Cincinnati, Ohio, on May 15 in a code-sharing agreement with US carrier Delta.

Mind Macao

Stay alert in Macao. Do not get caught up in hostilities between rival gangs. The UK Foreign Office blames rivalry between them for a recent increase in violent crime there.

Likely weather in the leading business centres

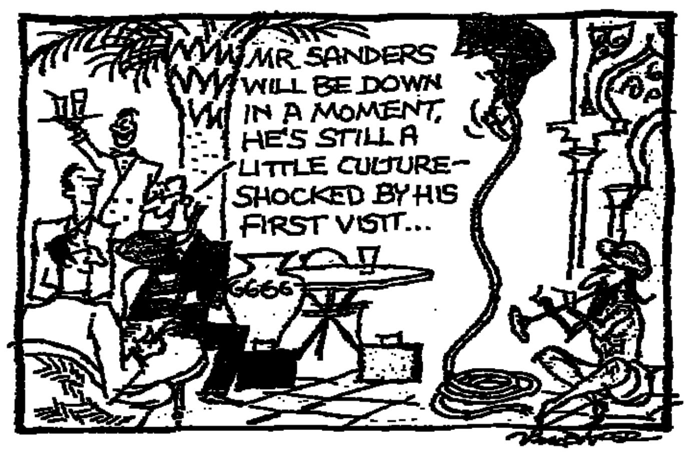
	Mon	Tue	Wed	Thur	Fri
Tokyo	[illegible]	17	17	17	16
Hong Kong	25	24	23	24	23
London	[illegible]	[illegible]	15	15	15
Frankfurt	16	12	12	14	15
New York	[illegible]	[illegible]	[illegible]	12	8
L. Angeles	24	26	24	28	28
[illegible]	[illegible]	20	[illegible]	18	19
Paris	16	14	15	16	17
[illegible]	[illegible]	10	[illegible]	10	12

Information supplied by Meteo Consult of the Netherlands

Maximum temperature in Celsius

Doing business in New Delhi will require patience and tolerance, says **Nigel Page**

The high price of a passage to India



At first glance, New Delhi seems impressively public-spirited. Billboards exhort citizens to live their lives more productively and be more health-conscious.

But this hides a fast-developing state of emergency. Early risers can see a thick smog hanging in the air, and the problem is intensifying. The city's electricity was nearly shut off recently for non-payment. Water and sewage systems are woefully inadequate. The city's entire urban infrastructure is in dire need of substantial investment.

Some steps have been taken, but to little effect. Smoking in public places was banned earlier this year, but the net effect on public health will probably be negligible. The incidence of respiratory disorders in Delhi is 12 times the national average and 30 per cent of the city's population are already sufferers.

Vehicular emissions account for two-thirds of the problem and auto-rickshaws, the ubiquitous and suicidal two-wheelers, do much of the damage. Traffic pollution and traffic are a menace – there are four or five road deaths in the city each day.

As the capital, New Delhi is the country's main gateway and, for the first-time visitor, bewilderingly cosmopolitan. Ostentatious wealth and brash consumerism sit uneasily alongside grinding poverty. Beggars, holy men and Tibetan refugees rub shoulders with business people.

The city sprawls luxuriantly – New Delhi's buildings, wide, tree-lined boulevards and parks are in marked contrast to labyrinthine Old Delhi, the 17th-century walled city.

New Delhi's hub is Connaught Place, home to most banks, airline bureaux and many offices. South is Raj Path, where most government buildings are sited, and south again are some of the city's more expensive residential areas, including Defence Colony, Basant Vihar and Lodi Colony.

The main airport, Indira Gandhi International, is about 45 minutes drive from the centre.

Most business is done either in five-star hotels, or around central New Delhi. Expect to be entertained mainly in hotel restaurants, but plenty of new restaurants and bars are opening up, and prices will be low by western standards.

Foreign business visitors have flocked to the city, which although not as expensive as Bombay, is now joining the ranks of the world's most expensive cities. Demand for hotel rooms far exceeds supply, with some hotels charging more than £300 per night. According to Hogg Robinson Business Travel, New Delhi now rates as the world's fifth most expensive city with average room rates at £143, compared with £151 in Hong Kong and £155 in Bombay. This year prices rose 20 per cent on 1996 rates, although some contained their price rises to just 10 per cent.

For visitors, the best advice is to negotiate hard, either giving booking agents an incentive on getting a good deal, or shopping around. Off-season rates can be competitive.

On the business front, expect to encounter a tangle of red tape. Indian business leaders constantly call for greater transparency in policy, a faster approvals process and more streamlined bureaucratic procedures.

But critics claim lack of real progress continues to be one of the main factors holding back sustained investment into the country's infrastructure.

Irrespective of the country's political and infrastructural headaches, business travellers arriving in New Delhi will find themselves dealing in a sophisticated environment.

Too many continue to make the mistake of underestimating the Indian market. As Ravinder Nath, of Delhi-based law firm Rajinder Narain & Co, says: "Foreign investors should be alert to the fact that it will not be an easy ride. Contrary to popular belief, India is turning out to be a very sophisticated investment market."

Lawyers such as Nath are becoming an increasingly integral part of doing business in India, and Delhi is well-served with some international-level firms, many of which have a dual function as business consultants and facilitators.

However, in this year, India's 50th anniversary of independence, the mood of the country towards foreign incomers is divided – investment is needed, but at the same time, protectionism characterises many business dealings.

Business travellers must be sensitive to this delicate mood. Says Ranjit Dua of Dua & Associates: "India has an old civilisation with ingrained attitudes. For foreigners looking to succeed here, it is crucial to make an effort to understand local culture. Look to integrate, or you will never succeed."

And the other key to successful dealings is realism. O.P. Vaish from Vaish Associates says: "Foreign investors sometimes rely on their Indian partners too much."

New Delhi essentials

● Accommodation: Five-star hotels include the Taj Mahal, where room prices start at £170 (+91 11 301 6162). The Oberoi Hotel, where rooms cost from £167 (+91 11 4036 3030), and the Taj Palace, where room prices start at £140. The Meridien hotel is competitively priced – a standard room costs £125 (+91 11 371 0101)

● Health: Travellers staying in five-star hotels should not be complacent about the health risks.

A typhoid jab is required if it is more than three years since the last booster, and the same goes for polio and tetanus if more than 10 years have elapsed since the last booster. A hepatitis A jab and malaria tablets are recommended.

Take a deet-based insect repellent and use it morning and evening – there has been a recent outbreak of dengue fever, a mosquito-borne disease which in its most severe form can be fatal, and for which there is no immunisation. Don't eat salads and be careful about iced drinks, and check that your hotel provides purified water.

● Transport: Many flights into Delhi arrive late at night when travellers' defences are at their lowest.

It is advisable to use the India Tourism Development Corporation official taxi stand in the airport, as drivers in Delhi can be over-zealous in their efforts to secure good payment. The price of a taxi fare should not exceed Rs250 (£4.40). Allow about 45 minutes from the airport.

French strikes continue

There was no indication over the weekend of any relaxation in the strikes which have disrupted travel on French domestic flights with TAT and Air Liberté.

The airlines, which are both subsidiaries of British Airways, were offering a restricted service. British Airways said that about 40 per cent of flights were operating on Friday, and advised travellers to keep in touch with the airlines.

Air Inter, the European subsidiary of Air France, which has recently also been hit by strikes, has not been affected by the latest action, and continues to offer an uninterrupted service.

Management said on Friday that it needed to reduce costs in order to reach break-even, and that it would not change its position in the face of demands by the unions which were essentially related to wages.

However, unions said their demands were more related to job insecurity, harmonising the personnel contracts of employees in the two companies, and an absence of rest periods.

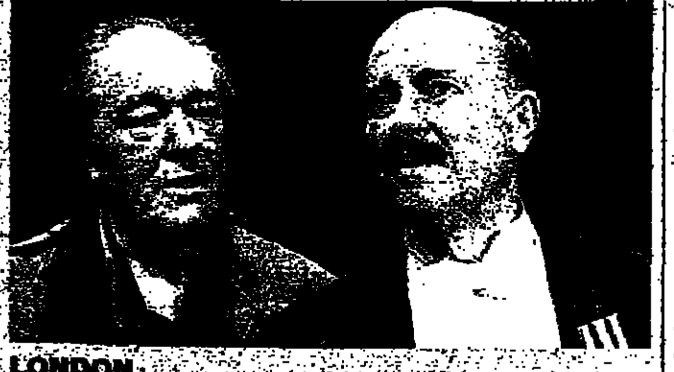
They argued that there had been a violation of civil aviation rules and labour legislation in working practices – claims which were dismissed by the airlines.

Air Liberté: France, 0803 090909
TAT: France, 0803 805805

Andrew Jack

ARTS

OPENINGS

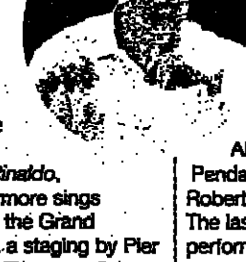


LONDON
A new play, set in Britain just after the 1945 election and starring Michael Gambon and Alec McCowen (above), opens at the Aldwych Theatre tonight. In *Tom & Clem*, by Stephen Churchett, the newly elected Labour prime minister Clement Attlee meets his most flamboyant MP, Tom Driberg.

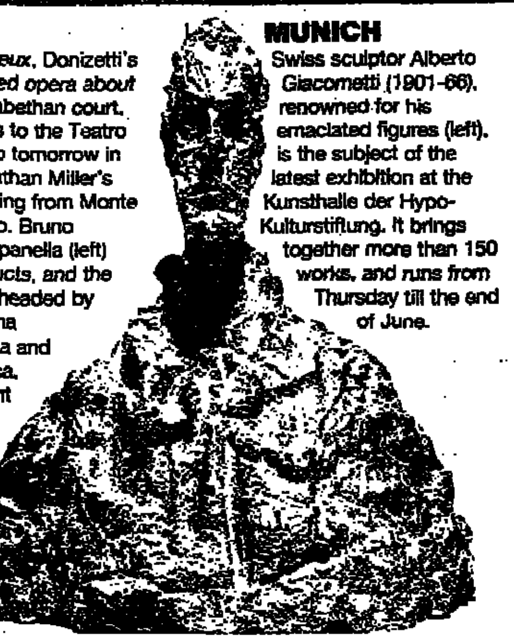
On Saturday Mariss Jansons conducts his first London concert since his heart attack a year ago. His London Philharmonic programme at the Royal Festival Hall includes Ravel's *Rhapsodie Espagnole* and music from Prokofiev's *Romeo and Juliet*.

CORNING
The Corning Museum of Glass in upstate New York is the only US stop for an exhibition of mid-20th century Italian glass. Drawn from the Steinberg Foundation in Liechtenstein, the 200 exhibits extend across four decades, underlining the way Venetian and Milanese glassmakers helped to establish their country's position as a leader in international design. The show, accompanied by a series of symposia, opens on Saturday and runs till October.

GENEVA
American mezzo Jennifer Larmore (left) is moving step-by-step into many of the operatic parts previously championed by her veteran compatriot Marilyn Horne. The latest is the title role in Handel's *Rinaldo*, which Larmore sings tonight at the Grand Théâtre in a staging by Pier Luigi Pizzi. There are five further performances, with a cast including Charles Workman and Lillian Watson.



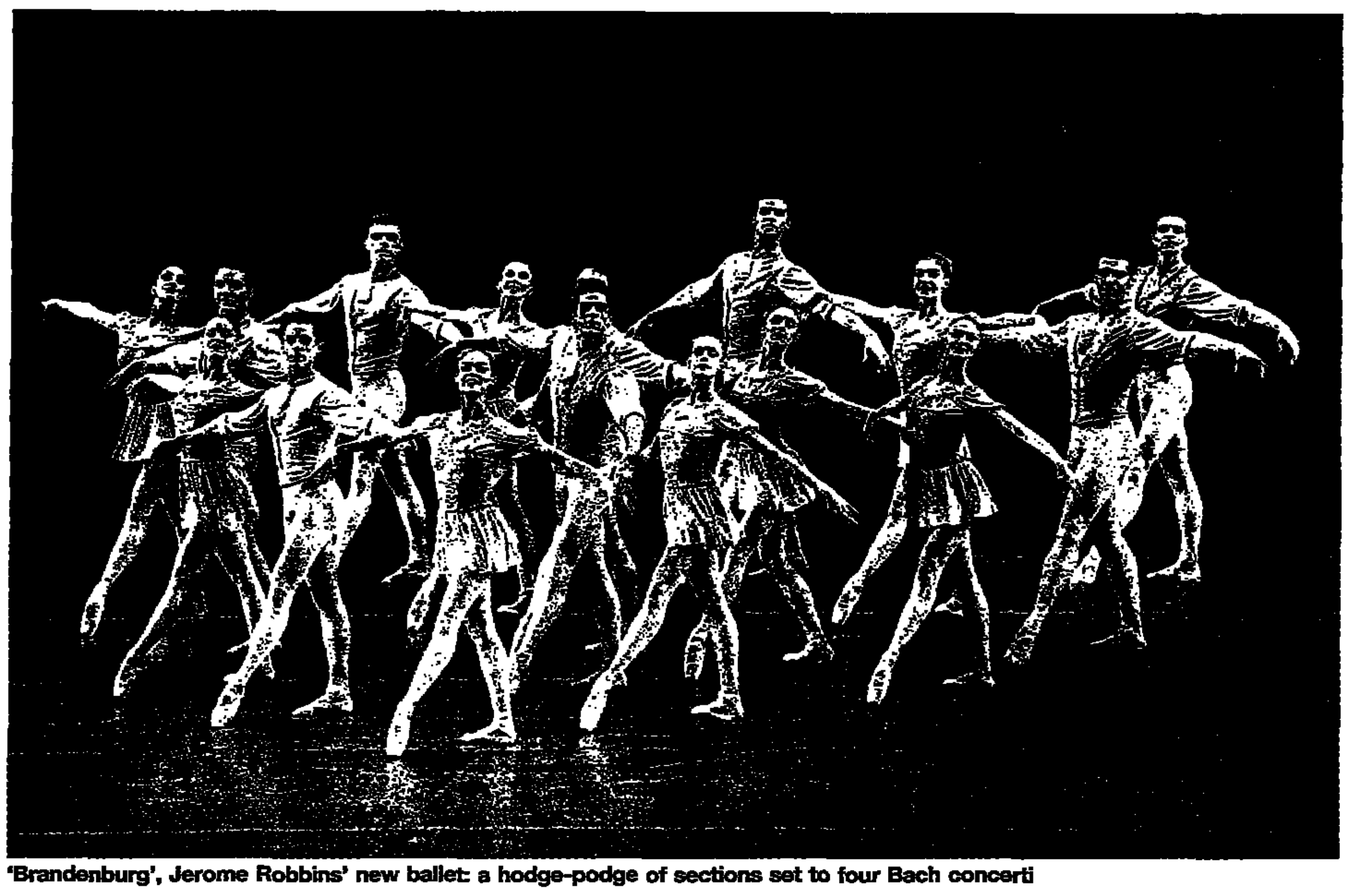
TURIN
Roberto Devereux, Donizetti's rarely staged opera about the Elizabethan court, comes to the Teatro Regio tomorrow in Jonathan Miller's staging from Monte Carlo. Bruno Campanella (left) conducts, and the cast is headed by Alexandrina Pendatchanska and Roberto Aronica. The last of eight performances is on April 27.



MUNICH
Swiss sculptor Alberto Giacometti (1901-66), renowned for his emaciated figures (left), is the subject of the latest exhibition at the Kunsthalle der Hypo-Kulturstiftung. It brings together more than 150 works, and runs from Thursday till the end of June.

Robbins goes out of step

William Deresiewicz reviews the New York City Ballet



'Brandenburg', Jerome Robbins' new ballet: a hodge-podge of sections set to four Bach concerti

Planning a trip to the New York City Ballet these days is like playing a game of snakes and ladders. The goal is to reach as many ladders, George Balanchine ballets, as possible, while doing your best to avoid the snakes, ballets by Peter Martins. Balanchine ballets, in their order, elegance, and serene beauty, take you up to a heaven of aesthetic bliss. Martins ballets send you down to a region of chaos, confusion, and pointless rage.

The middle range in this wildly uneven repertory is occupied by the work of Jerome Robbins. Robbins, who created his first ballet over 50 years ago, is sometimes brilliant, often pedestrian, and always a master of his craft. The recently concluded winter season gave his work unusual prominence: eight revivals in addition to the premiere of *Brandenburg*, his first work for NYCB in nine years.

Robbins's work holds the middle ground in a more profound sense as well. In a company dominated by Balanchine's Platonism, Robbins found a voice for himself by reconceiving ballet as an art of the here and now. For Balanchine, the forms of classicism were vehicles of transcendence: every ballerina was Woman, every duet, Love.

Robbins turned those forms into a way of telling particular stories about particular times and places: sailors on the town in *Fancy Free*, frisky adolescents in *Interplay*. His essential subject is the familiar: this world with its joys and losses; this world and what we can make of it. Robbins's imagination is irrepressibly dramatic. The same skills that have made him one of Broadway's great choreographers make his best ballets as delightful to watch as they clearly are to perform. A few moments suffice him to establish a scene; a few movements, a character, a mood, the beginnings of a story. Choreographic ideas succeed one another with the spontaneity of feeling, movements so perfectly matched to music that the dancers' bodies themselves seem to be producing it.

Two themes have elicited Robbins's most consistent attention. The first is community, a perspective that surely derives from his Jewish heritage. Whatever happens in a Robbins ballet – even romantic love, that most separating of conditions – happens within a group. The second is youth: its innocence, its exuberance. Community and youth – what's common to both is dancing itself, so often Robbins's subject as well as his means of expression.

Robbins's engrossment with the young points to his biggest shortcoming, however. Adult emotions seem beyond him. The problem is most glaring in *I'm Old Fashioned*, an homage to Fred Astaire that begins with a clip of the master hoofer in a duet with Rita Hayworth. The audience loves the nostalgia – that's Robbins the entertainer – but the ballet that follows fumbles away everything essential to Astaire's appeal: the sophistication, the elegance, the *savoir vivre*. In short, the maturity.

For so gifted an artist, Robbins often shows an adolescent's lack of taste. His wit frequently falls to jokiness, his showmanship to mere gimmickry. *Brandenburg*, where his craftsmanship unaccountably deserts him, scarcely climbs even this high. A hodge-podge of sections set to pieces of four concerti, the work lurches from idea to bland, half-cooked idea without apparent design.

I'd actually had highish hopes for the piece because, unusually, Robbins had chosen to work with some of the company's maturer dancers. First among these was Peter Boal. Boal may not be the most thrilling or sexually magnetic performer in the world, but in his modest way he embodies the glories of classical dancing.

Energy and alertness fill his body from tip to toe – fill it, but do not overfill it. Boal's line is never strained, his phrasing always easy, always temperate. His remarkably handsome manners – frank, gracious, gallant, warm – convey an impression of complete candour. One feels with Boal that everything within him has been converted into dancing. Together, these qualities of intelligence and transparency point to classicism's highest ideal: a mind fully expressed in flesh, a body fully transfused by mind.

Monique Meunier provided the best news on the female side of the roster, returning to soloist roles after a long series of difficulties. Meunier blew like a gust of fresh air through a cadre of women whose style of performance has largely degenerated into a brittle, joyless perfectionism.

Meunier's large, voluptuous movements project a huge vitality and sexual radiance. With thrilling drive and touching vulnerability, she throws herself into the energy of the dance, the beauty and pride of motion. Meunier doesn't recite, she dances, and with each performance holds out the hope so rarely felt now at NYCB, that something new might actually happen.

Concert

Kennedy powers back

The power of the media does not wane overnight. It is a few years since we last saw Nigel Kennedy playing the violin in public, and there have not been many recordings in the meantime, but his re-appearance in concert at the Royal Festival Hall on Thursday was a hot ticket.

The truth is probably that he disappeared from view before the public's enthusiasm for him had cooled. "Nige" playing "Viv" (Vivaldi, as in *The Four Seasons*, his first and easily his biggest hit) was a classical marketing department's dream, but they never came up with another combination that sold so well. It is hard to see why, as Kennedy comes across with the sort of personality that was born for crossover.

He can still play the violin, too. A personal note on the programme hand-out told us that he had missed the exhilaration of sharing music with a live audience, but he has clearly kept up his playing in private in the meantime. His technique is well up to a fearless performance of the Bartók Solo Sonata, which is no task for beginners, though I could have done without the stamping feet (it was kind of the South Bank to put down a felt mat for the occasion). His Bach Chaconne later was no less strong on character.

The programme had been advertised as these unaccompanied Bartók and Bach works, with some Jimi Hendrix to follow. But this could have been hard-going for the party faithful, so Kennedy helped out by intermingling the pieces – a couple of movements of the Bartók, followed by a couple of the Hendrix, and so on – which proved to be a good idea all round.

The Hendrix arrangements for solo violin, guitar, bass and string quartet outstayed their welcome. I am not sure how to categorise them, as the reggae originals have been stirred into a soup of jazz improvisation, violin concerto and minimalist repetition, but whatever they are, they were too drawn out to be heard at one go in the concert-hall. Still, Nigel Kennedy played them like a virtuoso with his powers intact, and that is what the audience came to find out.

Richard Fairman

Sponsored by EMI Classics UK.

Ballet in London/**Clement Crisp**

La Bayadère comes together

Thursday night's *Bayadère* at Covent Garden showed a work transformed from the unhappy approximation of the ballet on which I reported earlier this month. As too often with the Royal Ballet, first nights are like dress rehearsals – insufficient stage-time? inadequate coaching? – while a run of performances reveals the ensemble at its best and most sensitive.

So, at this last scheduled showing, the house packed and enthusiastic, the company was on excellent form. The entry of the Shades, that *Ur*-text of minimalism, had a fine inevitability, reminding us that as long ago as 1974 the corps de ballet had won the Evening Standard award for the Outstanding Dance performance of the year. (And with what pleasure did we on the jury make the award.) The soloists in the Grand Pas which ends the first act of Makarova's staging – that *feu de joie* of classicism – offered clean-cut bravura, brightly faceted, well-matched and sparkling. Under a gifted young conductor from Petersburg, Valeri Ovsianikov, the score had dramatic purpose, in spite of the egregious tootlings of the revised orchestration. ("Minkus knows best" is the message Covent Garden ignores.)

The heart and inspiration of the evening was, I suggest, the presence of the Kirov/New York City Ballet star Igor Zelensky as Solor. The role is, in all conscience, thin. Mukhamedov has shown how it may be transformed by a great dramatic artist. Zelensky knows how to give it mimetic life, every motion, every dramatic signal weighted and grandly fluent, balanced and poised in effect. He gestures, and the image is heroic, echoing with meaning (no matter how slight). It is a quality he demonstrated from his earliest Kirov interpretations – there was a memorable *Swan Lake* with Lyubov Kunakova a decade ago – and in his maturity it brings a welcome dignity to this haunted but indecisive character. In matter of dancing, which is really one big solo in the Grand Pas and a brash coda in the Shades scene, Zelensky is tremendous. I have never seen the solo better done. Zelensky has the power to shape it in boldest style. But he also has a softness of effect – cabrioles beaten almost on a pianissimo; a pirouette whose speed and shape had a serene evenness – which mark the choreography with an aristocratic distinction. This is noble dancing. The coda in the Shades scene was less compelling – too obviously a bag of tricks – and Zelensky should make changes to accord with his own beautiful style: there is nothing sacred (or even interesting) about the choreography here.

Darcey Bussell was Nikiya, Zenaida Yanowsky was Gamzatti, and both were admirable. The sweetness of Bussell's character, the ease of her very considerable technique, are well suited to the *bayadère*. She is discovering the secret of expansive and grandly simple gesture and dance – emotion made legible through large shapes of movement – and in the Shades scene much of her dancing was luminous, lovely. What is still missing is that sense of the role's spirituality, its burden of tradition and subliminal meaning as choreography rather than character, which is part of Petersburg tradition. (If I had a wish for her it is that she now be coached in the part by a Kirov teacher.)

Yanowsky is a most promising Gamzatti. She commands the technique for the Grand Pas and the dramatic edge for the great dialogue in the first act. She has also that rare quality of chic – an innate rather than an acquired gift – which brings gloss and stylistic polish to the character. She claims the role as she claims the choreography with a delightful assurance. The sole weakness of the evening was in the Shades soloists: those exquisite variations looked as if they had been found at a car-boot sale, unlovely and unloved.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

AUCTION
Christie's Amsterdam Tel: 31-20-5755255
● Indonesian Week: African, Oceanic and Indonesian Art from the Van Lier Collection: the opening sale of Christie's Indonesian Week features 250 pieces from Africa, Oceania and Indonesia with a strong focus on the Pacific islands; Apr 15

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● Reflections on the Everyday - Dutch Genre Prints from the 16th and 17th century: exhibition providing a survey of genre prints with works by van Leyden, Rembrandt and van Ostade accompanied by some lesser known pieces by their contemporaries; to May 4

■ BERLIN

CONCERT
Philharmonie Berlin – Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● Berliner Philharmonisches Orchester: with conductor Nikolaus Harnoncourt perform works by Brahms; Apr 15, 16, 17

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Die Zauberflöte: by Mozart. Conducted by Stefan Soltesz, performed by the Deutsche Oper Berlin. Soloists include Gerd Feldhoff, Barry McDaniel and David Knutson; Apr 17
Staatsoper Unter den Linden Tel: 49-30-20354438
● Il Matrimonio Segreto: by Cimarosa. Conducted by Alessandro, performed by the Staatsoper Unter den Linden. Soloists include Gerd Wolf, Dorothea Röschmann and Simone Nold; Apr 15, 18

■ BILBAO

EXHIBITION
Museo de Bellas Artes Tel: 34-4-4419536
● El Greco – La Anunciación: display bringing together the three Annunciations by El Greco held in the collections of the Prado and Thyssen-Bornemisza museums in Madrid and the Museo de Bellas Artes; to Apr 20

■ BONN

DANCE
Oper der Stadt Bonn Tel: 49-228-7281
● Ballett der Oper der Stadt Bonn: perform Youri Vámos' choreographies "Le Boeuf sur le Toit" to music by Milhaud and "Josephslegende" to music by R. Strauss; Apr 15, 17, 18

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Mitsuko Shirai and Hartmut Höll: the mezzo-soprano and the pianist perform works by Schubert; Apr 17

■ HAMBURG

EXHIBITION
Museum für Kunst und Gewerbe Tel: 49-40-24862732
● Das Geheimnis der Mumien – Ewiges Leben am Nil: exhibition focusing on Egyptian mummys, their role and preparation and the ways in which they were a source of inspiration to – and sought after by – Europeans from the 17th century onwards. The exhibition also shows how modern research techniques are used to look at the inside of a mummy without destroying the linen wrapping; to Apr 20

■ LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
● Ein Deutsches Requiem: by Brahms. Conducted by Michael Zilm and performed by the Orquestra Gulbenkian and Coro Gulbenkian. Soloists include baritone Anton Scharinger; Apr 18

EXHIBITION
Modern Art Centre Tel: 351-1-7935131
● Treasure Island: exhibition showcasing works of British art collected by the Calouste Gulbenkian Foundation since the late 1950s. The display is split into two sections; the first covering the period from the late 1950s to mid-1960s, the second from the late 1960s to the present. Artists with work on show include Blake, Hockney, Hodgkin, Riley, Bacon, Cragg, Gormley, Hirst and Hume; to May 4

■ LIVERPOOL

EXHIBITION
Tate Gallery Liverpool Tel: 44-151-7093223
● Home and Away; Internationalism and British Art 1900-1990: this display from the Tate's collection of British art ranges across the century looking at how artistic developments in Britain have been influenced both by the travels of artists abroad and by the presence of foreign artists. The exhibition includes works by Sickert, Epstein, Gaudier-Brzeska, Spencer, Moore, Hepworth, Hockney and Gilbert and George; to Apr 20

■ LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● Alexander Balus: by Handel. Conducted by Robert King and performed by the Choir of New College, Oxford, and the Choir of The King's Consort. Soloists includes Lynne Dawson, Claron McFadden and Catherine Denley; Apr 16

EXHIBITION
British Museum Tel: 44-171-6361555
● Heirs of Rome: the shaping of Britain AD400-900: exhibition examining the decline and fall of Rome and its Empire and the early medieval period in Europe that followed. On display are a number of pieces from the collections of the museum and the British Library and, displayed for the first time outside of Scotland, the newly restored stone shrine from St Andrew's cathedral; to Apr 20

■ MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Coro de la Comunidad de Madrid: with conductor Miguel Groba perform works by Poulenc, Schoenberg and Penderecki; Apr 15
● Staatskapelle Berlin: with conductor Daniel Barenboim perform works by Schubert, Beethoven and Schoenberg; Apr 15

■ NEW YORK

AUCTION
Sotheby's Tel: 1-212-606-7000
● Celebration of the English Country House: English and Continental Silver: highlights include a Victorian silver-plated letter rack from the Houses of Parliament, attributed to John Hardman Powell; Apr 16

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Faust: by Gounod. Conducted by Julius Rudel, performed by the Metropolitan Opera. Soloists include Renée Fleming, Richard Leech and Dwayne Croft; Apr 15, 18

■ PARIS

CONCERT
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● Tonhalle Orchester: with conductor David Zinman and cellist Yo Yo Ma perform works by Dvorák and Schubert; Apr 17

■ VIENNA

EXHIBITION
Kunsthistorisches Museum Tel: 43-1-52524
● Vittoria Colonna – Michelangelo's Muse: exhibition tracing the life and times of the Renaissance poet Colonna who included in her circle the poets Castiglione and Giovio, theologians Contarini and Flaminio and the artists Bronzino and Moroni. Michelangelo was another famous admirer, dedicating a number of drawings, sonnets and letters to her and there are a number of these works on display; to May 25

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Philip Stephens

New box of tricks

Despite Labour pledges to stick to Tory targets, there may be a few surprises in Gordon Brown's first Budget

Gordon Brown's Budget. Try that one out. Gordon Brown's Budget. Somehow it doesn't quite work. The words trip over themselves. The natural order of things decrees it is for Conservative chancellors to decide how much the British state spends and taxes. So it seems, anyway, after 18 long years.

Who can recall Denis Healey, Labour's last chancellor, opening Gladstone's battered red case at the House of Commons despatch box in April 1979? It was a stopgap Budget, a sad affair in the aftermath of James Callaghan's defeat on a confidence motion in the House of Commons. Geoffrey Howe delivered the real thing when Margaret Thatcher swept to power a few weeks later.

An entire generation has since grown up on Tory Budgets. There have been nearly 20 of them. Looking back, we can see the overall burden of taxation has barely changed. The top rate of income tax has been halved to 40p and the basic rate has come down 10p to 23p. But there has been plenty of smoke and more than a few mirrors in successive shifts from income to value added tax.

By and large, though, the government has succeeded in altering the way the nation thinks. Budgets have come to be judged not just by how much they put up the price of a gallon of petrol or a bottle or whisky, but on whether they take a penny or two off the basic rate of income tax. Proof of this comes from the backlash against John Major's government from the broken promises of 1992 and from Labour's espousal of a 10p starting rate.

All this now seems set to change. For a few days Mr Major has had the best of things. The latest opinion polls still overstate Labour's lead (the party's own canvass returns have long pointed to a more realistic gap of between eight and 10 points). But for all the freneticism of the campaign, public opinion seems glacial in its indifference. It has no love for Labour. But there is loathing of the Conservatives. Whatever they are telling the pollsters, most voters, it seems, have made their decision.

So it is time to anticipate Mr Brown's arrival at the despatch box. His first Budget is scheduled for about eight weeks after polling day. What will it be like when we no longer have to wait through the speech in sweaty suspense as the chancellor teases us about whether he has a penny or tuppence to spare?

The glib answer is not much different. Mr Brown may seem the dour Presbyterian against Kenneth Clarke's cheerful chappie, but on the big macroeconomic questions they have reached broadly the same conclusions.

Labour's inflation target would be the same 2.5 per cent. Mr Brown has signed up to Mr Clarke's improbably tight spending targets. The shadow chancellor would not raise the basic and top rates of income tax. And surely Mr Major himself could have penned the warm, vapid words in Tony Blair's business manifesto?

On the big macro-economic questions Gordon Brown and Kenneth Clarke have reached broadly the same conclusions

This nothing-will-change cynicism, however, ignores the dynamics of politics. It does not matter whether one thinks the outcome would be for good or for ill. One thing is certain: a Labour victory would transform the nation's mood. It has absorbed Conservative instincts through the skin. Messrs Blair and Brown would oblige the electorate to change the way it thinks, to recalibrate its political compass.

Mr Brown wants his Budget to be the first statement that life will be different. The planned windfall tax on privatised utilities and associated welfare-to-work programmes for the young unemployed would go some way. But my guess is the shadow chancellor has bigger ambitions.

Sir Geoffrey's 1979 package, with its bold switch from direct to indirect taxes, is a model. It followed the sound political rule that an opposition should capitalise on the momentum which comes from an election victory by setting the new rules of the game at the outset. A comparable move for Mr Brown would be to limit income tax allowances to the basic rate and use the receipts to introduce a lower starting rate. It would also be tempting to make a start on reform of corporate and savings taxes.

There are two snags. First, even though the windfall tax should bring a temporary fall in public borrowing (the money will come in during one year but be spent over five), the Treasury wants more tax increases. Admittedly, the figures are slightly confusing. Public borrowing over the financial year just ending will undershoot the official £26bn forecast. Next year it should be less than the predicted £19bn.

But this represents a cyclical rather than a structural improvement. The Treasury, rightly, thinks the public finances should be tighter still. The economy shows all the signs of an incipient inflationary boom. The ceilings on spending are already unrealistic. So there are two choices: much higher interest rates or less borrowing.

The former would add to the upward pressure on an overvalued pound. An appreciation approaching 20 per cent over a year has already driven sterling to unsustainable levels. The present rough balance in the trade figures belies the long-term damage being done to Britain's industrial competitiveness. We know from the boom-to-bust experience of the late 1980s what to expect next.

Here, though, Mr Brown hits his second snag. Mr Blair is as cautious as his shadow chancellor is ambitious about this first Budget. The Labour leader seems to see it as a discrete package to meet his welfare-to-work pledge. In tone at least he has stuck his neck out further than Mr Brown in promising the voters of middle Britain they are safe from tax increases.

It was Mr Blair too who decided that trust was to be the essential ingredient in his election campaign. Mr Major had broken his promises about tax on no less than 22 occasions. The prime minister-in-waiting has pledged a hundred times he would be different.

I am not sure he can afford to be. Sure, there must be room for a compromise to be brokered on the reach of the first Budget. There is a mid-point between radicalism and inaction. But if hard decisions must be taken, the sooner the better. My guess is that the voters expect the news to be bad. If Mr Blair is tempted to keep it from them, he should cast his mind back to the slow strangulation of Harold Wilson's administration after he made that mistake in 1964.

·LETTERS TO THE EDITOR·

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Monetary system for different economic conditions exists

From Stuart Fowler,

Sir, Mr David Kenyon (Letters, April 11) argues that the advocates of monetary union need to explain how a single monetary policy could serve the needs of members with very different economic conditions.

Observers of monetary union at work within these islands, or indeed within less centralised and more federal economies like the US and Germany, might say that it needs no explanation.

The principle of averaging differences at the policy level and allowing the banking system (where there is no restriction on the movement of funds and no competition by currency or interest rate) to arbitrage the gaps between savings and borrowings in particular areas, helped also by the flow of central grants, is self-evident and broadly accepted as a symptom of sound economic development.

What needs explaining is why the same principle that is evidently workable on the scale we are familiar with in the UK could not work when applied on a larger scale and why the benefits that flow from it would not obtain on a larger scale.

As a monetary area, sterling is not now a particularly good example of how scale benefits might be limited since they appear to obtain well enough in the much larger dollar area. Indeed, the dollar area is a good example of how participating nations (not just states) have willingly sacrificed elements of their own freedom of action in order to obtain some of those benefits, even though the North America Free Trade Agreement is far less a level playing field then the EU and is certainly no political union.

Stuart Fowler,
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From Mr Peter Vis,

Sir, Brian Reading ("Don't put money on Emu", April 5/6) raised some interesting questions about the design of economic and monetary union, which, he claimed, was fundamentally flawed and would need to be changed so as to take into account the different stages of the economic cycle that participating states will find themselves in.

Yet this hasn't blown apart the monetary union that has existed for a long time in the UK, between southern England and Scotland, for example, or between Belgium and Luxembourg. When house prices were collapsing in the south of England in 1988, they continued to rise for some time in northern England. While Belgium and Luxembourg's economic cycles do largely coincide, the state of their public finances are at opposite extremes.

Maybe politics has played its part since the arrival of a Scottish King of England in 1603. And maybe it played a part too in Luxembourg's choice to tie the monetary knot with its smallest, least dominating, and, therefore, most politically acceptable neighbour?

Peter Vis,
18, Avenue des Bécasses,
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Obscure intent in reference to Jews

From Mr Paul J. Isaac.

Sir, Rt Reverend Smithson's "Truth of the Matter" column (April 5/6) merits criticism by its omission. To recapitulate, the column says: "... there come the difficulties, not so much in what the Koran says as in what it denies" ... "[that] Jesus was not crucified: They [the Jews] say, 'we slew the Messiah Jesus Son of Mary, the messenger of God. Yet they did not slay Him, neither crucify Him, only a likeness of that was shown to them' ".

Since there was no further discussion of this passage (or, indeed, further mention of Jews in Smithson's column), Smithson's intent is obscure. The apparent reading, however, is that the Koran errs in denying that Jews crucified Jesus while agreeing with the Koran that hostility to Jesus is a fundamental and central tenet of Judaism.

One had hoped the first historical canard had been put to rest a generation ago by Vatican II.

As to the second, all the variants of Judaism are virtually exclusively concerned with how Jews are to behave to be authentic Jews consistent with God's laws and relationship with the Jews as a people. Judaism affirms its "rightness" for Jews. It explicitly does not assume someone cannot be righteous in God's sight if they are not Jewish.

Consequently, the beliefs and actions of non-Jews, including Moslems and Christians, are really only important to Jews to the extent non-Jews seek by law, social and economic coercion and/or force to cause Jews to abandon Judaism. This has happened often enough to be a matter of on-going concern to Jews.

Paul J. Isaac,
7 Douglas Lane,
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When stars become unnecessary

From Mr David Damant,

Sir, the very good comment about Stars and Teams in the Lex column of March 27 might be subject to one qualification.

In the case of the management of large investment portfolios, the increasing and high efficiency of markets, and the uncertainty of economic analysis, clearly point to a quantitative approach; and with quantitative methods in place the stars, as opposed to very competent men and women, are not necessary.

David Damant,
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No word for this 'first'

From Mr Ernest G. Gobert,

Sir, My bank statement from my bankers in Paris shows today for the first time my balance in French francs and "en Euro".

There is no equivalent in French for the word one-upmanship.

Ernest G. Gobert,
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Marlow,
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Warning an own goal?

From Mr C.H. Talbot,

Sir, Mr Major warns us that Labour would be a "tax and spend" administration.

Is there any other kind of government?

C.H. Talbot,
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Personal View · David Hale

Bonus of full employment

The US labour market is so tight even those once marginalised are now employable

The 1990s has been a time of extraordinary corporate restructuring and, not surprisingly, the dominant concerns of economic policymakers in most industrial countries have been job security and unemployment.

American policymakers, by contrast, confront a different challenge – how to sustain expansion in an economy which has achieved full employment. The US has been presented with unusual social opportunities as a result of the private sector's increasing need to employ the most marginal people in its society.

There is no precise definition of full employment but there is little doubt that the US has the tightest labour market in the industrial world. The unemployment rate has dropped to 5.2 per cent nationwide, and is below 4 per cent in nearly half of all metropolitan regions. The level of labour force participation is more than 77.5 per cent compared with 69 per cent in Germany, 59 per cent in Italy and 74 per cent in Britain. Finally, the growth rate of the US labour force is projected to fall to between 1 per cent and 1.5 per cent in the next few years from between 2.5 per cent and 3 per cent in the 1970s.

The US has long had an outstanding performance in job creation compared with Europe. Since 1980 it has created more than 32m jobs in a labour force which is now 134m, while Europe has produced only 14m new jobs in a labour force of 192m. Since 1989 two-thirds of America's job growth has been concentrated in private-sector managerial and office support occupations. Nearly all Europe's job growth has been in the public sector.

European leaders have long tried to downplay US employment growth by attributing it to the country's tolerance for high inequality. But the US labour market is now so tight that wage growth is accelerating. Businesses are being forced to recruit workers from the most disadvantaged groups and incur the cost of training them.

In the post-war era, most unemployment in the US has been transitional. About 20m workers change jobs every year and 70 per cent of those currently unemployed have been without a job for less than 15 weeks.

Because of structural economic changes and racial divisions, however, the share of long-term unemployed – more than 26 weeks – has increased from between 4 per cent and 5 per cent in the late 1960s to 15 per cent recently. Such a ratio of long-term unemployment is half that of Europe, but is unusually high for a US business cycle in which the unemployment rate has fallen so sharply.

The unemployment rate is above 10 per cent for blacks and 8 per cent for Hispanics, compared with 4.6 per cent for whites. Tight labour markets could do more to correct problems with structural unemployment and racial inequality than any phenomena since the economic boom of the Vietnam war era. Tight labour markets will also improve the job prospects of the 2m so-called welfare mothers, who now have to seek employment because of last year's federal welfare reforms. If the new welfare law had been enacted in the Reagan years it would probably have been regarded as cruel, but in the current labour market it is greatly shrinking the welfare rolls.

American companies would not usually be enthusiastic about hiring people from the welfare rolls. Their low skills are a barrier to productivity, they require a heavy investment in training – and the US does not have a tradition of apprenticeship. The government spends far less on worker training programmes than other industrial countries.

But, given the current tightness of the labour market, companies have little choice but to hire people they would once have shunned. In Chicago, Milwaukee and other mid-western cities, businesses are being forced to recruit untrained workers, with the help of inner-city high school principals and church pastors because there is no one else to hire.

It is difficult to predict how long the US will benefit from the benign combination of full employment and low inflation. Politicians have not yet started to acknowledge the need for new policies to boost labour force growth, such as reducing high marginal income tax rates, increasing immigration or refocusing federal training programs on the people with serious work impediments, such as drug addiction.

The Federal Reserve has started raising interest rates because Mr Alan Greenspan, its chairman, fears that low unemployment will erode the labour insecurity that helped to restrain wage growth during the mid-1990s. But corporations have such limited ability to raise prices that even labour-intensive companies, such as McDonald's, have recently been forced to cut prices to protect their market share.

It will be difficult for the world to accept that America's rough-and-ready approach to the marketplace could produce more benign social outcomes than the welfare states of Canada and Europe. America's large prison population and its 20 per cent poverty rate for children are symptoms of the extraordinary tolerance for inequality developed in response to racial and cultural diversity.

America has learned to live with inequality in return for labour market flexibility and employment growth. Europe has failed to create jobs because its tax and regulatory policies boost labour costs and make it so expensive for companies to restructure that they are reluctant to hire new workers. European governments have protected middle-aged people with jobs at the expense of those seeking employment, especially the young and immigrants.

Because of their inability to accept the policy implications of America's employment success, European leaders often say that the great US triumph of the 1990s is Mr Bill Gates and the high-technology revolution. They have not recognised or acknowledged the increasing need of America's private sector to offer jobs to everyone irrespective of nationality, race, religion, sex, age, education or trade union status. But America's tight labour market is now producing visible evidence of rising real wages and job opportunities for most of its most disadvantaged people.

When this development is well publicised, even French politicians will have to admit that full employment is a better solution to the problems of inequality and poverty than restrictive labour laws, generous welfare benefits and large budget deficits.

The author is global chief economist at Zurich Kemper Investments.

Market forces: McDonald's is cutting prices AP

COMMENT & ANALYSIS

FINANCIAL TIMES

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Divided we fail

After a year of fruitless bickering over the politics of trade, the last few days have brought welcome signs from the US and European Union of a more constructive approach to the issues dividing them.

On Thursday, the EU won praise from Washington by acting promptly to suspend its "critical dialogue" with Iran, after a German court verdict linked Tehran with the murder of Iranian opponents in Berlin. The next day, the US and EU announced a draft compromise in their dispute over the Helms-Burton law penalising foreign companies that traffic in expropriated Cuban assets.

In both cases, transatlantic divisions have done great harm. The row over the US's anti-Cuba law threatened to impose intolerable strains on the still untried dispute settlement procedures of the World Trade Organisation. Differences over how to handle Iran's unpleasant regime – in particular over the D'Amato law targeting foreign oil investors – have weakened the west to the benefit of the leadership in Tehran.

Governments in the US and Europe are thus sensible to seek a way out. On Helms-Burton, the outlines of a face-saving deal are clear, with the Clinton administration offering to waive and amend parts of the law in exchange for the EU's suspension of its WTO case.

On Iran, the EU has, in withdrawing ambassadors from Tehran, signalled it now takes seriously long-expressed US concerns about Iran's sponsorship of terrorism. It could scarcely have done less, given proof that the most senior figures in the Iranian regime had authorised assassinations abroad.

The question is whether such actions will suffice to curb the pressures – notably in the US Congress – that brought forth these disputes. To resolve the Cuba conflict permanently, the EU will need to accede to US demands for tougher rules covering foreign investment in confiscated property. This may entail painful compromises, but without it Congress will scupper Friday's deal.

Concerning Iran, the pressure will now be on for Europe to go further – through, say, a ban on visas for Iranian officials or restrictions on credit cover. EU foreign ministers should seriously consider such moves this week – not least to stave off legislation in Congress pushing Europe towards less palatable courses such as trade sanctions.

Neither Iran nor Cuba poses as much of a threat to the west as does a serious transatlantic rift. Both the US and the EU would do well to remember that in coming months. For the Clinton administration, that means taking control of the trade agenda rather than allowing Congress to make the running. For the EU, it means demonstrating greater sensitivity to justified US concerns.

Limo rights

New York and the United Nations deserve one another. Both are contentious, brawling institutions with a taste for melodrama. Both over-estimate their own importance in the world. But both are capable of offering a floodlit stage for the controversy of the moment.

The latest conflict between the two – over parking rights for UN diplomats – combines all these characteristics. Many of the UN's delegates insist on their right to park anywhere, and refuse to pay parking fines. Mayor Rudolph Giuliani, running for re-election this autumn, is threatening persistent offenders – "scofflaws" – with losing all diplomatic parking privileges, and ultimately their car license-plates.

Gravely affronted, the UN has referred the matter to a full session of its General Assembly. Mayor Giuliani suggests the UN take its diplomats and their limos elsewhere. The rest of the world looks on with even-handed glee.

There may be a tiny bit more to this than the theatre of the absurd. Few issues are more contentious than privileged access to parking space. American bosses can pay themselves seven-figure salaries more easily than reserve the parking slot closest to the office door. The city of Brussels and the European Parliament are locked in controversy over how many parking spots legislators can obtain for their new building. British civil servants have fought a fierce but unsuccessful battle to retain their parking rights in Horse Guards Parade.

Why should such a trivial issue evoke such passions? Perhaps because in an increasingly deregulated world, parking is still an area where market forces operate only patchily. There is certainly no public acceptance of scarcity-related fees. Parking meters are hated much more deeply than their cost would dictate. Rational people spend far longer seeking free parking spaces than the opportunity cost justifies. Parking privileges are widely sought, and as widely resented.

For once, therefore, the UN and New York have an opportunity that befits their self-importance. They can break this spiral of resentment not merely for themselves but for parking victims everywhere. Surrender the diplomatic privilege of parking; auction off a limited number of "park anywhere" stickers for charity. Bring New York parking within the bounds of economic rationality.

The city has already vanquished graffiti in the subways; the UN has overcome a host of international crises. With this shared pedigree, legitimising market forces in the world's parking bays is the obvious next challenge.

Ill health

One issue that has barely arisen in the UK general election campaign is the National Health Service. It is one that ought to. For on the plans that both the Conservatives and Labour are espousing, the NHS is staring into the blackest hole in its history. Yet neither of the two main parties has been honest enough about taxation and spending to admit the fact.

For the financial year just started the NHS probably has just enough cash. A 2.9 per cent real terms increase in current spending is close to the historical rate of growth that has seen the core NHS both survive and improve – even if over the past dozen years significant elements such as free spectacles, much adult dentistry and large parts of longer-term care have fallen off the edges.

But that figure is itself an illusion. Of the extra £1bn of cash-limited current spending this year, some £200m to £300m will have to go to meet the deficit incurred from last year's excessively tight settlement. The full-year effects of last year's phased pay awards have to be met. And capital spending has been slashed – down a third over three years. The private finance initiative has failed to fill that hole, and even if the first schemes get off the ground immediately after the election, they will not plug the gap.

Yet if the next 12 months are going to be difficult, what follows is simply impossible: zero growth, on current plans, for years two and three, allied to a government reserve, from which extra spending could be allocated, that is historically low. Health spending is set to fall as a share of GDP.

The position is bad under the Conservatives, and may be worse under Labour, which has turned Tory plans into spending limits it has pledged to respect. Labour's claim it can meet the issue by cutting bureaucracy does not bear examination. Even on its debatable claim that the NHS market added £1.5bn to management costs, close to all of that would be required next year to meet spending needs. Nothing like all of it is available. Management costs have already been reduced: further reductions are already written into the plans. If another £200m were found over a couple of years, that is only a fraction of the sum required.

Without more money, the choices are simple: either a dramatic decline in levels of service, or new charges – prescription payments for the elderly, a charge for hospital stays and GP visits. Such decisions are not the way a new health secretary would wish to celebrate the NHS's 50th anniversary next July. But they, in effect, are what the electorate is being promised.

A joyless recovery

German economic growth is having only limited impact on unemployment and on growing social strains, says Peter Norman

The German economy is picking up speed after months of stagnation. But it could be a long time before people notice.

Industry has started the year strongly, with rapid growth in manufacturing orders and production buoyed by strong exports. The stock market, while 4 per cent down from its highs of a month ago, has gained 16.5 per cent since the start of this year, reflecting strong corporate earnings and a competitive D-Mark exchange rate. Economic fundamentals have rarely been better, with consumer price inflation below 2 per cent, interest rates low and likely to stay so, and wage settlements moderate.

There is even a glimmer of hope on the labour market after the shock 510,000 jump in "headline" unemployment between December and January. The seasonally adjusted jobless total fell slightly in February and March.

However, at 4.3m – 4.48m on an unadjusted "headline" basis – unemployment is still disturbingly high, affecting 11.2 per cent of the labour force nationwide and 17.2 per cent in the new Länder of the east.

Little wonder, therefore, that optimism is in short supply among politicians and the population at large. "Growth will have to accelerate if we are to reach the 2.5 per cent average forecast by the government," cautions Mr Günter Rexrodt, the economics minister. Mr Rexrodt, unremittingly optimistic last year, now warns there will be no improvement in average unemployment in 1997.

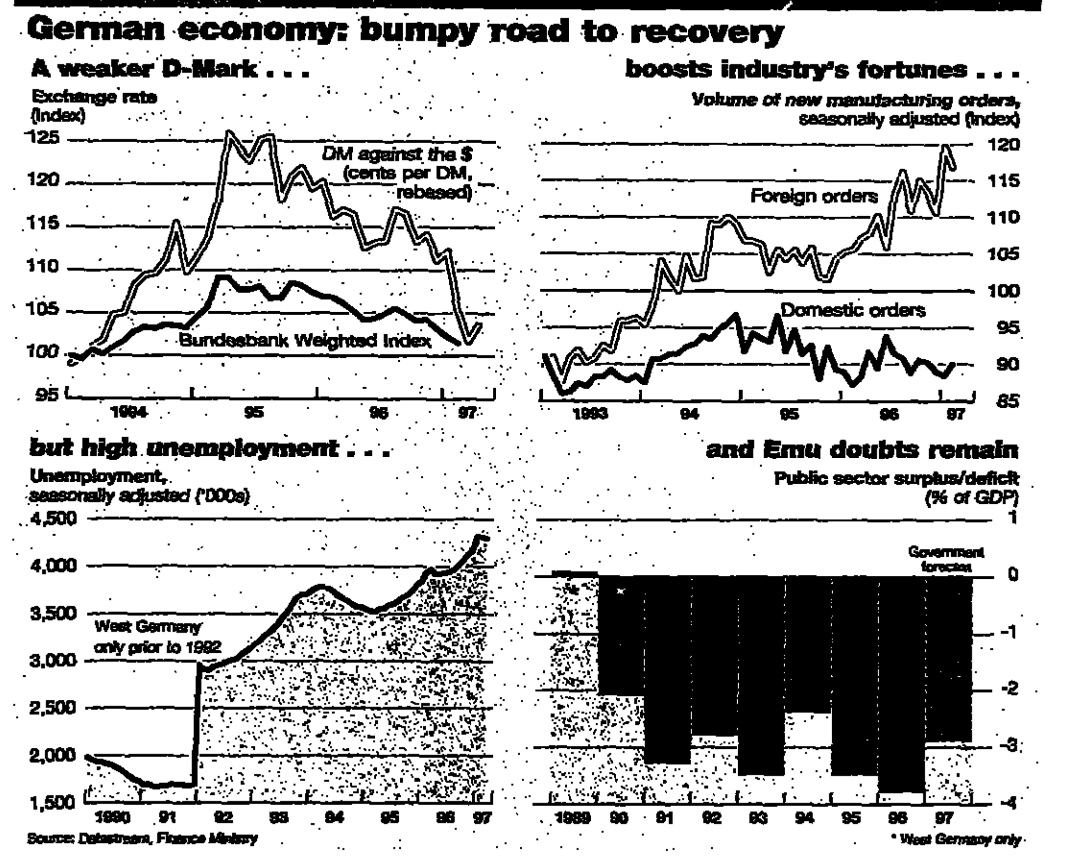
Germany is having to come to terms with a new type of recovery which is stretching the traditional link between economic growth and lower unemployment.

It is a recovery that casts serious doubt on the ambitious goal of halving unemployment by 2000, agreed last year by Chancellor Helmut Kohl with the trades unions and the employers. Also under threat is Germany's ability to reduce its public-sector deficit this year to the 3 per cent of gross domestic product stipulated in the Maastricht treaty for launching the European single currency as planned on January 1 1999.

The pressures of qualifying for economic and monetary union and coping with ever-tougher international competition are, in turn, imposing strains on Germany's social fabric. Threats of job losses triggered demonstrations by coalminers in Bonn, construction workers in Berlin and steelworkers in Frankfurt last month.

Compromises and concessions restored peace in those cases. But, indicating cracks in the German consensus, leading trade unionists have abandoned uncritical support for economic and monetary union and are now insisting that the single currency should not be introduced "on the backs of the workers" at the cost of social welfare cuts.

The unions' shift on Emu is symptomatic of other divisions that have emerged following German industry's swift adaptation to the opportunities and competitive pressures produced by the European Union's single market and the collapse of communism. Rigorous rationalisation has helped industry to win orders abroad, but without creating jobs in Germany.



Source: Datastream, Finance Ministry

In the past two years alone, industrial employment in western Germany fell by more than 0.5m to 5.8m as a result of high costs at home and increased direct investment abroad.

Employment in electrical engineering fell about 42,000 to 866,000 last year, in spite of expanding output in the telecommunications sector. More job losses are expected in 1997 even though output is forecast to grow by 2 per cent to 3 per cent. The German vehicle industry produced 4.84m cars and trucks last year, roughly the same as in 1989, but with 655,000 workers – 100,000 fewer than in 1989.

Some companies are being forced to cut jobs because of financial problems. Others are thriving but still cutting staff. For BASF, the chemicals group, 1996 was a "success story" with record turnover and profits. Nonetheless, 800 of the 44,100 jobs at the BASF parent company will go this year.

Such policies help explain how German manufacturing output rose a seasonally adjusted 1.1 per cent in February after 1.5 per cent in January. Industry has been well placed to benefit from growing demand abroad and a 5.5 per cent drop in the D-Mark's weighted exchange rate against Germany's main trading partners since the end of 1995. New orders from abroad were 10 per cent higher in January and February compared with the same months of 1996, while domestic orders were 0.7 per cent lower.

The manufacturing-led recovery is set to continue. The Munich-based Ifo economic research institute has forecast a 2.8 per cent increase in manufacturing output this year after virtual stagnation in 1996. The steel, vehicle and electrical investment goods industries are expected to perform strongly.

But while looking hopefully to the future, Ifo is still uncertain whether strong exports will stimulate a recovery at home. The outlook for business investment is cloudy. "The recovery still lacks a self-sustaining dynamic," it says.

This sense of caution is shared by the government. Chancellor Kohl this month estimated that the economy would grow by between 2 per cent and 2.5 per cent in 1997.

Private-sector economists are more optimistic, however. The Kiel Institute of World Economics is forecasting GDP growth of 2.5 per cent this year and 3 per cent next after 1.4 per cent in 1996. On the strength of industrial production and order figures, Mr Klaus Friedrich, the chief economist of Dresdner bank, believes growth could quicken towards 3 per cent this year with unemployment falling to 4.2m. Mr Joachim Fels, the London-based chief German economist of Morgan Stanley, the US investment bank, believes Germany will achieve 3 per cent growth this year and even meet the 3 per cent deficit criterion for Emu.

There are, however, formidable handicaps. One is the depressed state of the construction sector where no recovery is expected before 1998. Building industry employers expect activity to fall by 2 per cent this year after the 1996 decline of 2.7 per cent at a cost of around 80,000 of the sector's 1.3m jobs.

At a deeper level, Germany still has to tackle its host of structural problems, which, according to Mr Theo Waigel, the finance minister, are responsible for 80 per cent of its unemployment.

The nation lags in high technology and information-based industries. A report prepared for Mr Jürgen Rüttgers, the education and science minister, found that Germany's areas of competitive strength had hardly changed in the 1990s and were still anchored in vehicles, machine building and chemicals. Worries for the future centred on a halving since 1990 in the number of students beginning courses in natural sciences and engineering.

At the same time, there is a tendency to perfectionism and over-engineering. In a recent study on barriers to growth and employment in Germany, the McKinsey Global Institute cited specifications that telecommunications wires should be strong enough to withstand being run over by a tank.

The McKinsey study found that per capita spending in Germany on software and allied services was 50 per cent behind that of the US. This reflects, among other things, "fewer leading-edge customers and fewer active links between entrepreneurs and universities". The report also claimed that employment in telecommunications would be 26 per cent higher if Germany had the same output of telecom services per inhabitant as the US.

In general, Germany lacks a dynamic service sector. Anecdotal evidence suggests that many small retail outlets are no longer taking advantage of the slightly longer shopping hours permitted since a relaxation of the law last November.

Widespread social and structural rigidities are yielding only slowly to reform. The failure last month of the hostile, debt-financed takeover bid by Krupp-Hoesch, the steel and engineering group, for Thyssen shows how far Germany is from seeking an answer to its problems through market solutions.

The difficulties facing the government with its plans for tax and pension reform have highlighted legislative log-jams in Bonn and the power of vested interests.

Regulations strangle enterprise. Mr Otto Schlecht, former state secretary in the Bonn economics ministry, has noted that environmental legislation "now comprises 800 laws, 2,770 ordinances and 4,700 administrative provisions" – with more rules in the pipeline.

There is the overarching problem of an excessively large public sector which spends and transfers more than 50 per cent of GDP each year. Associated with this is a rising debt to GDP ratio which has moved above the Maastricht treaty's 60 per cent limit for Emu and is becoming a serious constraint on the federal budget. In part, such high spending reflects the continued dependence of eastern Germany on large-scale transfers from the west.

However, there is evidence that Germany can change, albeit slowly. The government's supply side reforms, announced a year ago, are slowly taking effect. The scaling down of Germany's generous sick-pay rules, which became law last autumn in the teeth of strong trade union resistance, appears to be having an impact. In the, admittedly depressed, construction industry, sick leave as a proportion of time worked fell during the final 1996 quarter from 6.9 per cent to 5.7 per cent, the lowest level since 1987.

But such achievements could harbour risks for Mr Kohl in the next German general election in 18 months. In presiding over a joyless recovery, the chancellor could fall prey to political forces similar to those which ended the presidency of Mr George Bush in 1992. Opinion polls suggest that the present German economic expansion is beginning to impress economists, but not the voters.

· OBSERVER ·

Checks in the Post

■ A new recruit at the South China Morning Post is raising eyebrows and some concern among staff and Hong Kong media types. Feng Xiliang, one of the founding editors of the China Daily, an official mainland newspaper, and until recently on the payroll of Window, a staunchly pro-Beijing magazine, is set to take a desk alongside Jonathan Fenby, the Post's editor.

The appointment, apparently at the behest of property and media tycoon Robert Kuok, who controls the paper, has set alarm bells ringing among those worried about political pressure on the territory's press ahead of July's handover to China. Feng's official title is "consultant", throwing little light on his role.

One theory runs that Kuok is looking to make influential new friends on the mainland, where he already holds sizeable investments. The well-connected Feng may well help on that score; he went to the same Shanghai college as China's vice-president and a number of senior officials.

More intriguing is Feng's purpose on the Hong Kong side of the border. Critics see the move as a further accommodation to post-handover politics, with Feng being installed as a spin doctor or censor. While Fenby dismisses charges that the Post softpedals sensitive issues, this is certainly a tricky one to handle.

Delegate matter

■ The European Bank for Reconstruction and Development has worked hard to repair its image since parting company with free-spending former president Jacques Attali. These days, under Jacques de Larosière, it's regarded as a pretty lean and efficient outfit.

Shame then that weary delegates to its annual meeting in London had to queue for up to five hours this weekend to collect their sophisticated, bar-coded passes. A combination of tight security and computer gremlins was apparently to blame; that didn't stop the restless crowd of bankers and businessmen from making unflattering comparisons with last year's shindig in Sofia, capital of beleaguered Bulgaria.

Apart from costing a fair bit in terms of goodwill, the whole fiasco will also make a dent in the bank's bottom line. Red-faced officials of the newly-dubbed European Bank for Registration Delays were forced to offer unhappy delegates a reimbursement of their £200 registration fees.

"There was a failure in the IT system and for security reasons we could not let delegates simply flow into the building," said an embarrassed de Larosière. "When the service is not there you cannot ask for a fee." He'll be hoping for an easier ride today when the meeting starts in earnest.

Second fiddle

■ Canada likes to promote a clean and wholesome image, so it's a shock to find that nearly three quarters of Canadians have no qualms about passing cash under the table to avoid paying the country's hated goods and services tax.

A recent survey found that 73 per cent of Canadians prefer to pay plumbers, electricians and the like in cash rather than write out a cheque and add the 7 per cent tax to the price. Tax accountants say that a huge underground economy – including cash payments and interprovincial smuggling – has blossomed as ordinary citizens try to avoid provincial duties and the federal sales tax. "It's tax evasion on a massive scale," claims one accountant.

But lest we write off Canada as a fiscal basket case in the making, the same survey found that two thirds of Canadians are too afraid to risk fiddling their tax returns. Conclusive proof that Canadians are just like the rest of the world: they prefer to play it straight – unless they don't have to, that is.

Bunker mentality

■ Top British golfer Nick Faldo had a torrid time at the US Masters tournament this weekend. But forget all the excuses about unusually fast greens and poor putting; Observer suspects that Faldo's dietary conditioning may have been at fault.

As reigning Masters champion, Faldo hosted a dinner last Tuesday night for previous winners of the biggest event in the golfing calender. Tradition demands that the menu reflects the cuisine of the host's home country; the big swinger naturally put in a call to Harry Ramsden's, the Leeds-based chippie which claims to be world's most famous supplier of fish and chips.

A consignment of cod, chips, mushy peas and ginger sponge cake with custard was duly despatched across the Atlantic. All washed down with an extra strong brew of Yorkshire-blend tea. A square meal, admitedly, but not even Ramsden's would make performance-enhancing claims for their solid fare. Enough to put anyone off their stroke.

The Financial Times

100 years ago

The Electric Omnibus
We hear that the Electric Omnibus Company, having many vehicles already completed and others in an advanced stage, has decided to put some of them on the streets next week. It is to be hoped that the progress of the 'buses will not be unduly impeded by gaping crowds. There is at least this to be said for the Company – that during the period of preparation it has been quietly at work, and has refrained from shrieking of its own importance, its all-embracing patents and its illimitable capacity for turning out profits.

50 years ago

Brazil Bond Rumour
San Paulo, 13th April. The Brazilian Finance Minister denies the report that his Government is purchasing Brazilian bonds on the New York Stock Exchange in order to provoke higher quotations of these bonds in London. Representatives of the Rural Society, the biggest association of agricultural interests in Brazil, strongly manifested their disagreement with the prohibition of sterling quotations on the Rio de Janiero Stock Exchange.

FINANCIAL TIMES
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Clinton to meet HK Democratic leader

By John Ridding in Hong Kong

President Bill Clinton will this week underline the importance of Hong Kong in Sino-US relations by meeting Mr Martin Lee, the leader of the territory's Democratic party.

The planned meeting in Washington, a gesture of support for Hong Kong's pro-democracy forces before the territory's return to China in July, signals US concerns over prospects for political freedoms after the handover.

It will irritate China, which regards Hong Kong's transfer of sovereignty as an internal matter and has sought to exclude the Democrats from the transition process.

The US administration has taken a more active stance towards Hong Kong over recent months, prompted by pressure from Congress and controversies about political and legal arrangements for the handover.

US officials indicated that Mr Clinton would join a meeting between Mr Lee and Mr Al Gore, the US vice-president.

Exact details of the meeting are still to be finalised although Mr Lee, who is lobbying in the US, is due to see Mrs Madeleine Albright, the US secretary of state, later today.

Last week Hong Kong's government-in-waiting published proposals to tighten controls over demonstrations and political parties.

The move has drawn strong protests from Hong Kong's present administration and several political parties, who see it as a threat to civil liberties. Criticism has also centred on the establishment of a Beijing-backed legislature, which replaces the existing elected body in July.

Expressing concerns about last week's proposals, the White House said it was "fundamentally important" that Hong Kong residents continue to enjoy the freedoms they now have.

Washington had previously described the provisional legislature as unnecessary and unjustified. Mr Tung Chee-hwa, Hong Kong's future leader, insists his proposals are necessary to avoid a legal vacuum and to ensure stability in the territory.

But he has signalled some flexibility in the face of protests. A senior official in his team said that final legislation would take account of public concerns expressed in a three-week consultation period.

He singled out protests about a proposed ban on political groups having links with foreigners or accepting their donations.

Pro-democracy forces in the territory protested strongly this weekend after the provisional legislature gave its first readings to bills concerning post-handover legislation.

The Democratic party has threatened a legal challenge to the provisional legislature should it pass laws before the handover. It argues the body has no legal basis in Sino-British agreements governing the transfer of sovereignty.

Observer, Page 17

President's labour code could help put end to sweatshops

By Bruce Clark in Washington

President Bill Clinton is today expected to unveil a code of conduct aimed at improving the sweatshop conditions in which some clothing worn by Americans is produced.

The guidelines are understood to include a maximum 60-hour week as well as a ban on employing children under the age of 15 and on physical or psychological abuse.

Mr Gene Sperling, chairman of the president's National Economic Council, has described the code as a "unique and historic step to eradicate sweatshops both here and around the world".

While the code will also apply to clothing factories in the US, its main aim is to address the complaint of trade unions and human rights groups that the US fashion industry exploits poor workers in the developing world.

Any fashion company which signs up to the code will be able to mark its products with a certificate assuring the public that they were manufactured in humane conditions.

The code has been worked out by clothing firms, trade unions and human rights activists who joined a task force set up by President Clinton last August.

Clothing companies represented in the study group included Liz Claiborne, Nike, Reebok International and Philips-van Heuzen. One, Warnaco, took part in the early deliberations but later distanced itself.

Another participant was Ms Kathie Lee Gifford, a television personality who gave her name to a line of clothing. The launch of the task force was in part prompted by controversy over labour practices at the factories where clothes bearing her label were made.

In a response to public sensitivity over conditions in clothing and footwear factories, Nike has asked Mr Andrew Young, the civil rights activist, to monitor the ethical standards it applies.

Some campaigners have argued that the code does not go far enough, as it has no specific rules on wages and its enforcement will be supervised by accounting firms rather than by human rights groups.

Questions have also been raised about the provisions on working hours – which envisage a 48-hour regular week, 12 hours of overtime, or longer if worked voluntarily.

Mr Clinton's interest in labour conditions overseas will help him answer fellow Democrats who complain that international trade accords underwrite poor social and environmental standards.

Cheaper loans for E Europe

Continued from Page 1

point over Libor – have fallen so far in more than two years of intense competition for business,that some banks are reluctant to be involved.

In some cases lead managers are finding it more difficult to persuade other banks to join loan syndicates.

UBS said that in some cases it was taking "more like three weeks than three days" to put in place the top tier bank groups which manage these deals.

Bankers are looking further afield for clients. Ten days ago, for example, Moscow became the first Russian local authority to borrow money from western banks, announcing a three-year $50m deal at a rate of 3.5 percentage points over Libor. And a number of Russian banks and companies have also come to the market recently.

"Twelve months ago it would have been more difficult to get some of these loans approved by bank credit committees [which assess the creditworthiness of borrowers]," said a syndicate official at West Merchant Bank, part of the Westdeutsche Landesbank group of Germany, and one of the arrangers of the Moscow deal.

Competition is also increasing for other higher yielding loans, such as those for businesses developing infrastructure projects or companies involved with leveraged buy-outs.

Foreign aid has little impact, says World Bank study

By Stephanie Flanders

Foreign aid to developing countries since 1970 has had no net impact on either the recipients' growth rate or the quality of their economic policies, according to an internal World Bank study.

Mr David Dollar, co-author of the study with Mr Craig Burnside, said it contained a humbling message for development agencies and donor governments: "We got into thinking we could induce countries to reform. But it turns out that this was wrong."

The research, recently submitted to the bank's senior management, is likely to fuel further debate about the value of foreign aid.

Critics on the right have long argued that aid only props up large and inefficient governments, while the left has berated the World Bank for foisting painful "structural adjustment" on unwilling countries.

The implication of the new research, which examines the impact of both foreign grants and the subsidy element of official loans on 56 developing countries, is that both sets of critics were wrong.

The report concludes that "where aid has happened to coincide with good policies, it has had a strong positive impact on growth".

Countries which were already pursuing the tight macroeconomic policies and trade liberalisation measures usually included in official structural adjustment programmes have grown faster for having the extra foreign support.

Overall, however, receiving aid did not increase the chance that a country would pursue good policies.

Mr Dollar said: "Aid can make a big difference but only when there is also a domestic constituency for change. We have to recognise that positive reform is largely the result of domestic forces."

The fact that development programmes have not systematically affected policy-making suggests that official efforts to make support strictly conditional on good policy have not been very successful.

The study's findings are likely to receive rigorous scrutiny within the World Bank before being made public.

The authors, however, deny their research has given further ammunition to the opponents of aid.

"Many very poor countries have adopted better policies and could benefit a great deal from better targeting of aid," said Mr Dollar.

"The irony is that the climate for highly effective aid is getting better, just as support for aid in rich countries is on the decline."

Economic Notebook, Page 9

THE LEX COLUMN

Turning up the gas

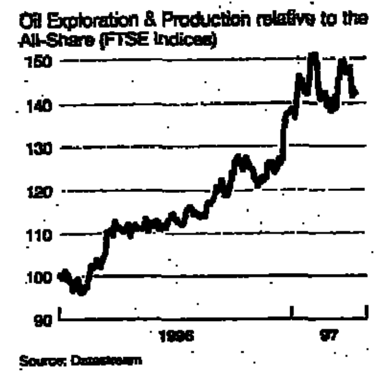
How seriously should investors take renewed talk that Gazprom, Russia's giant natural gas monopoly, is to be restructured or broken up? It has been heard often before, but come to little. Gazprom has been singularly adept at using a combination of political patronage and economic muscle to see off unwanted interference. This time, though, may just be different. Certainly, it is unprecedented for two such senior officials as Mr Anatoly Chubais and Mr Boris Nemtsov, the two reformist deputy prime ministers, to talk openly about Gazprom's break-up. What is more, the power of its main patron, Mr Victor Chernomyrdin, prime minister and former chief executive, appears to be on the wane.

Ideally, restructuring would embrace both a separation of Gazprom's pipeline activities from its production, and the splitting up of the giant production arm itself. Realistically, dramatic restructuring may be only a medium-term ambition. But the next few months are still likely to prove turbulent for investors. Gazprom is likely to have to face up to increased regulation and the removal of its tax privileges.

The upshot will be bucket-loads of double-speak. On the one hand, Gazprom will wrap itself in the nationalist flag to defuse political pressure. On the other, it will be trying to convince foreign investors it is a champion of shareholder value. For now, stakeholders have the upper hand. But recent events suggest the tide is slowly turning.

Oil E&P stocks

Oil Exploration & Production relative to the All-Share (FTSE Indices)



Source: Datastream

E&P stocks

What is an oil exploration and production company really worth? After a stunning 1996 for Britain's E&P sector, it is not an academic question. But this revival has not been founded on a strong valuation consensus; on the contrary, as the recent battle for Clyde Petroleum showed, different valuation approaches have left many investors confused.

To see why, start with the traditional UK approach, based on net asset value (NAV). This is not the balance sheet measure it sounds, but an analyst's estimate of today's value of future cash-flows from oil already found. By the standards of most sectors, the measure is attractively rigorous. But it also has a big snag: NAVs rarely attempt to value oil which may be found in future. Yet investors have become increasingly confident that E&P companies' exploration programmes will yield future returns, which NAVs fail to capture.

One solution is to guesstimate. Another is to forget NAVs and turn instead to the most common US method – multiples of current cash-flow. But while this has the virtue of recognising that these companies are mostly credible ongoing businesses, it neglects all the hard valuation data which feeds into the NAV calculation.

The better answer is to use NAV figures but also to think more systematically about what premium (or discount) a stock merits for future potential value creation. This is not as tricky as it sounds. For an E&P company of any size it is relatively straightforward to take the future exploration programme, make assumptions about its likely returns and discount them at the cost of capital – the result should be a reasonably scientific estimate of a stock's premium to NAV.

Consider an example: Enterprise Oil. The stock trades at around 35 per cent above NAV. Yet assuming recent average industry returns – say 14 per cent – such a premium would be justified on the basis of a much smaller annual exploration programme than is actually in prospect. Brokers BZW have run similar calculations for the UK E&P sector as a whole – the stocks still look attractively priced, even after last year's run.

But investors should beware. These bare figures depend on a questionable assumption – that E&P companies as a group can in perpetuity generate returns above their cost of capital. Even if such long-run surplus returns did not encourage enough new activity to drag the oil price down, surely governments would get wise and nab them for themselves, in taxes or royalties? Suppose, for instance, that returns sank back to the cost of capital over 10 years. In that case, BZW's implied premiums to NAVs would be cut by three-quarters. Current sector valuations would look seriously stretched.

This should send a shiver down some fundamentalist spines. But a more important conclusion is the extreme sensitivity of the results to different assumptions about long-run returns. The lesson? That this technique brings badly-needed rigour and deserves to be more widely used, but principally as a relative pricing tool. It will tell you – usefully – what assumptions underlie valuations generally. But its real use is in distinguishing value between individual stocks.

UK engineering

After five years of outperformance, the UK's engineers are on the back foot again – along with food retailers and distributors, the sector is among the stock market's worst performers so far in 1997. The reason is not hard to find. Sterling's strength will knock 5 per cent off aggregate reported profits this year, cutting the sector's earnings growth to as little as 3 per cent, against a stock market showing earnings growth of around 8 per cent. At some companies, notably British Steel, the effect is both much more savage and starting to hurt the group's competitive position.

While currency has been the main problem to date, there are other worries too. Having reached new highs, margins are coming under pressure as wage costs rise, while most of the easy cost cutting has been exhausted. Price increases are proving difficult against a backdrop of low inflation and overcapacity in critical markets, such as automotive and steel. Growth will have to come largely from underlying volume increases. But trading conditions in continental Europe are still sluggish, while rising interest rates in the US and UK will lead to slower growth there.

Not everyone will suffer equally. The likes of Smiths Industries, Siebe and TI Group will gain some protection through strong market positions and international balance – but that is reflected in their premium ratings. Aerospace stocks also look safe, since that cycle is only now turning up. But the sector as a whole looks set to continue its underperformance.

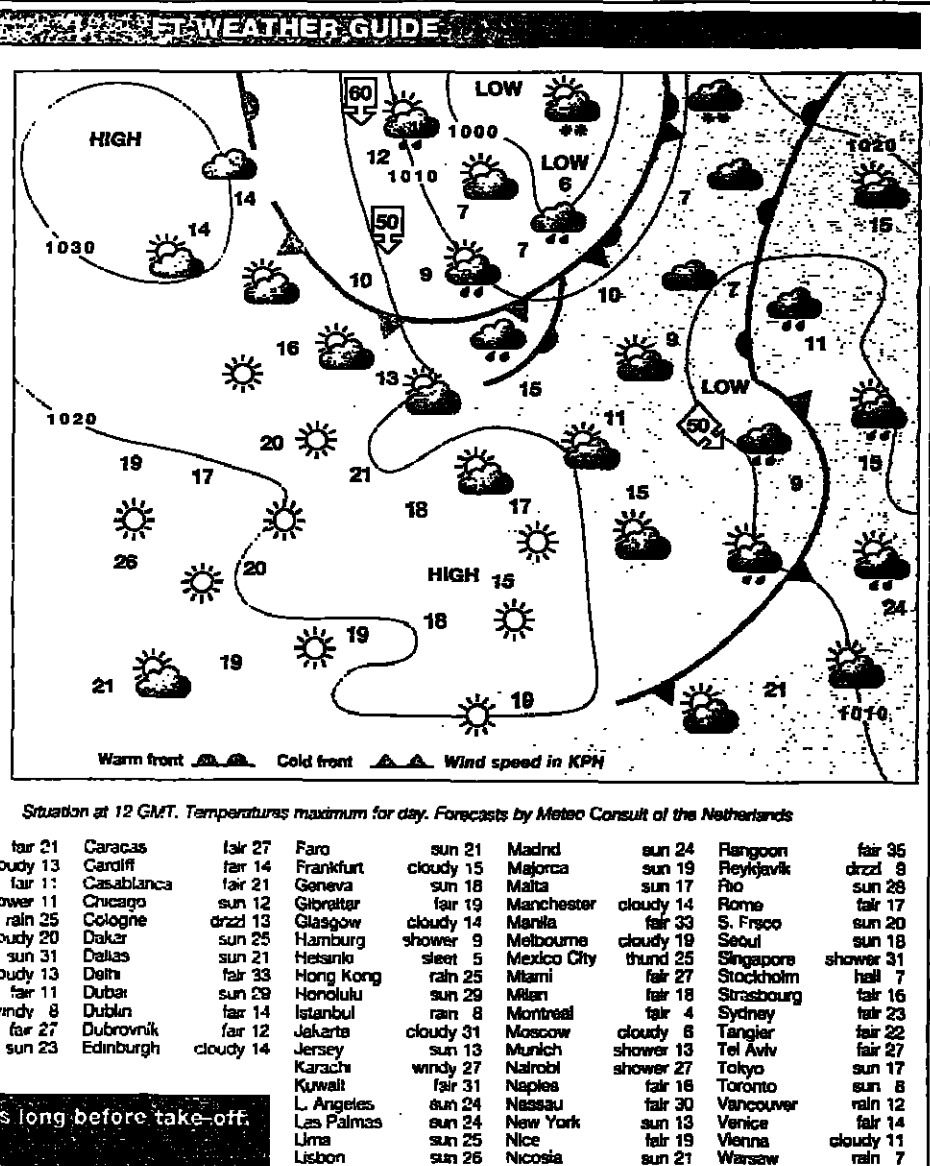
FT WEATHER GUIDE

Europe today

Cold air will enter central Europe and Belarus. Germany and Poland will have rainy periods followed by gusty showers, some of which will be mixed with sleet and snow in northern Europe.
The south-east will also be unsettled. Moderate rain and strong winds are expected around the Black Sea.
Western Europe, including the UK, will be more tranquil, although a weak front will cause cloud over Scotland and eastern England.
Spain, Portugal, France and Italy will continue sunny.

Five-day forecast

The north and east will continue cold and unsettled with periods of rain or snow.
Western Europe will stay fair with plenty of sun over France and western UK.
Portugal will have some showers. Later this week, showery rain will spread into Spain.



TODAY'S TEMPERATURES

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

	Maximum	Beijing	fair 21	Caracas	fair 27	Faro	sun 21	Madrid	sun 24	Rangoon	fair 35
	Celsius	Belfast	cloudy 13	Cardiff	fair 14	Frankfurt	cloudy 15	Majorca	sun 19	Reykjavik	drzzl 9
Abu Dhabi	fair 27	Belgrade	fair 11	Casablanca	fair 21	Geneva	sun 18	Malta	sun 17	Rio	sun 28
Accra	fair 31	Berlin	shower 11	Chicago	sun 12	Gibraltar	fair 19	Manchester	cloudy 14	Rome	fair 17
Algiers	fair 19	Bermuda	rain 25	Cologne	drzzl 13	Glasgow	cloudy 14	Manila	fair 33	S. Frsco	sun 20
Amsterdam	cloudy 11	Bogota	cloudy 20	Dakar	sun 25	Hamburg	shower 9	Melbourne	cloudy 19	Seoul	sun 18
Athens	fair 14	Bombay	sun 31	Dallas	sun 21	Helsinki	sleet 5	Mexico City	thund 25	Singapore	shower 31
Atlanta	fair 18	Brussels	cloudy 13	Delhi	fair 33	Hong Kong	rain 25	Miami	fair 27	Stockholm	hail 7
B. Aires	sun 26	Budapest	fair 11	Dubai	sun 29	Honolulu	sun 29	Milan	fair 18	Strasbourg	fair 16
B'ham	fair 14	C.hagen	windy 8	Dublin	fair 14	Istanbul	rain 8	Montreal	fair 4	Sydney	fair 23
Bangkok	shower 36	Cairo	fair 27	Dubrovnik	fair 12	Jakarta	cloudy 31	Moscow	cloudy 6	Tangier	fair 22
Barcelona	sun 18	Cape Town	sun 23	Edinburgh	cloudy 14	Jersey	sun 13	Munich	shower 13	Tel Aviv	fair 27
						Karachi	windy 27	Nairobi	shower 27	Tokyo	sun 17
						Kuwait	fair 31	Naples	fair 16	Toronto	sun 8
						L. Angeles	sun 24	Nassau	fair 30	Vancouver	rain 12
						Las Palmas	sun 24	New York	sun 13	Venice	fair 14
						Lima	sun 25	Nice	fair 19	Vienna	cloudy 11
						Lisbon	sun 26	Nicosia	sun 21	Warsaw	rain 7
						London	fair 17	Oslo	fair 11	Washington	fair 14
						Luxbourg	cloudy 14	Paris	fair 16	Wellington	fair 16
						Lyon	sun 18	Perth	fair 29	Winnipeg	rain 10
						Madeira	shower 20	Prague	rain 10	Zurich	fair 14

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Satellite business set for big growth

The satellite operation industry will triple in size from \$4.5bn in 1996 to \$14.7bn in 2002, according to a study by Merrill Lynch, the US finance house. When direct-to-home television services are included the total rises to \$31bn. Page 21

Regulators criticise NYSE rules
New York Stock Exchange rules on trading halts have been attacked by senior US bank and market regulators for being out of date. The rules, which require the nation's primary stock market to close if the Dow Jones Industrial Average falls more than 350 points on a single trading day, were imposed in 1988 after the Dow's 508-point drop on October 19 1987. Page 21

Sears executive to propose shake-up
Mr Liam Strong, the beleaguered chief executive of retail group Sears, is to present a radical restructuring plan to the board ahead of the group's full-year results on April 29 in an effort to head off calls for his resignation. Final details of the plan have yet to be decided, but it centres on resolving the perennial problems at the company's British Shoe Corporation division. It is likely that Mr Strong will propose that large parts of BSC be closed or sold, which would involve heavy write-offs from Sears' balance sheet. Page 20

Bardon and Camas poised to merge
Bardon and Camas, the building materials companies, are poised to announce a merger, possibly as early as today. Unity between the two Midlands-based groups would create one of the biggest companies in the UK aggregates industry, with combined sales of more than £725m. (\$1.17bn) On Friday, the two had a joint stockmarket valuation of almost £500m, with Camas the biggest at £257m. Page 20

Japanese brokers announce merger
Fresh signs of consolidation in parts of Japan's financial sector ahead of proposed deregulation have emerged, with an announcement that two Japanese securities brokers are merging, while another is withdrawing from overseas operations. Two small securities groups based in the western city of Tottori, Daisen Securities and Hinomaru Securities, plan to merge next October. Page 20

Fleming recruits Barings director
Robert Fleming, the merchant bank, has recruited a senior director from ING Barings to bolster its corporate finance division. Mr Anthony McGrath, a former joint head of Barings corporate finance, joins Flemings as chief operating officer. Page 20

HAL invests in Dutch business daily
HAL, the Dutch investment company born out of the former Holland America Line, is to buy the country's business daily, Het Financieele Dagblad, in a joint deal with Mr Willem Sijthoff, a grandnephew of the current owner, Mr Hendrik Sijthoff, who will receive Fl 84m (\$43.9m) for the non-voting share certificates. Executive control will remain vested in a staff foundation. Page 21

Co-op profit fall offset by bank success
Record results from the Co-operative Bank have offset a profit fall for the Co-operative Wholesale Society which could have been much worse. Figures released today will be present " like plc accounts" to combat what the company described as a lack of understanding of its operations. Page 20

Wave of demutualisation continues
Momentum behind the UK's demutualisation wave will build this week when members of two building societies and one life insurer are almost certain to get overwhelming backing for their plans. The moves would release windfall pay-outs averaging more than £1,000 (\$1,630) to more than 4m people later this year. Northern Rock and Bristol & West building societies hold special meetings tomorrow while Norwich Union members vote on Friday.
Page 20

Beck and Pollitzer profits soar 27%
Pre-tax profits at Beck and Pollitzer Engineering, the engineering services concern, rose 27 per cent to £2m (\$3.24m) in 1996, from £1.59m last year, lifted by stronger demand in continental Europe. Page 20

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Shortlist ready for power auction

New England Energy Systems asks four bidders for binding offers

By Robert Corzine in London and Tracy Corrigan in New York

A shortlist of bidders has emerged in one of the first of the big power station auctions that will transform the structure of the \$250bn a year US electricity industry.

At least four companies are thought to have been selected to make final binding bids for New England Energy Systems, the Massachusetts-based utility which is selling its generation business – with net assets of \$1.1bn – as part of the deregulation process. The company yesterday declined to identify which bidders had made the shortlist, although it confirmed that 25 companies had submitted bids.

The shortlist includes The Energy Group, the UK-based coal, electricity and natural gas company demerged from the Hanson industrial conglomerate earlier this year. Enron, the Houston-based energy company, Mission Energy and US Generators are also thought to have made the list, although several others may still be in the running.

Participation in the auction represents the first big expansion move by The Energy Group – which includes Peabody Coal in the US and Eastern electricity and gas group in the UK – since its demerger.

Mr Eric Anstee, finance director, said The Energy Group might seek a partner to participate in its bid.

Alternatively, if its bid were successful, a partner could be brought in after the acquisition to operate and maintain the stations.

Those on the shortlist will be given additional data on NEES's assets before making their final bids in early June. A decision is expected shortly afterwards.

The electricity pricing pool envisaged in Massachusetts is said to be similar to that in the UK, in which Eastern is a participant.

Mr Anstee said The Energy Group was keen to use its strong position in the US coal industry as a base from which "to move downstream into the integrated energy chain".

It is also talking to a number of US generators about providing coal in exchange for rights to some of the power generated. The electricity would then be sold by Citizens Power, the energy trading and marketing company acquired last month. Citizens Power has 700 transmission agreements with US utilities.

BT's 2.3m investors set to give verdict on MCI deal

By Alan Cane in London

British Telecommunications will know by tomorrow whether its plan to merge with MCI of the US has found favour with its 2.3m investors.

The extraordinary general meeting to approve the deal that will form Concert plc is being held at the Wembley Conference Centre in London. As the climax to several weeks of roadshows across the country, a few thousand shareholders are expected to attend to give their verdict on the proposed \$20bn merger.

The big institutional investors, which hold 77 per cent of BT's equity, are unlikely to intervene: no one expects the merger to fall at this hurdle.

Two weeks ago MCI's shareholders overwhelmingly backed the deal which will create a "global supercarrier" with the strength, depth and capacity to offer services to customers around the world.

They will have been tempted as much by the commercial terms as by its industrial logic. MCI shareholders will receive 5.4 Concert shares, in the form of American Depositary Shares, and a cash payment of \$6 for each MCI share.

Approval is still required from the European Commission, the US Federal Communications Commission and the US Department of Justice. The EC seems likely to give its approval in the next few weeks, ahead of schedule and after demanding few concessions.

US regulators are expected to take until the end of the summer to make a decision, which is likely to be favourable. With Global One, the alliance between Deutsche Telekom, France Télécom and Sprint of the US already having conditional approval from Brussels and Washington, it is hard to see what objections to the BT/MCI marriage could be sustained.

The most interesting intervention has been that of the UK regulator, Mr Don Cruickshank, director-general of Oftel. He favours the merger, but points out that he is duty bound to ensure BT maintains its services at a world-class level in the UK.

While BT's audacity in securing the deal has been applauded, its critics complain it is paying too much for the US company, the synergies expected from the merger are uncertain and the deal lacks industrial logic.

BT will continue to operate in the UK while MCI will continue to manage its US business. The international dimension is already in the hands of the companies' joint venture, now called Concert Classic.

Shareholders at tomorrow's meeting will be mindful that the cost of turning down the venture will be the payment of a \$450m penalty plus expenses to MCI.

Chief executive issues ultimatum calling for big cuts in pay

Labour costs test patience at US Airways

By Richard Tomkins in New York

Mr Stephen Wolf's patience is finally cracking. A year after taking over as chairman and chief executive of US Airways, the newly renamed USAir, he is heading for a confrontation with employees over the airline's labour costs.

Last week Mr Wolf summoned workers to a meeting in a company hangar at Charlotte airport, North Carolina, and issued them with an ultimatum: either they accept big pay cuts or he would start to shrink the airline.

The meeting reinforced a message in the company's annual report, in which Mr Wolf warned that US Airways' future would be determined by "a single, unforgiving issue" – whether it could put in place a competitive cost structure. "We stand at a fork in the road," he said.

US Airways has the highest costs of any large US airline.

Last year, its operating costs per available seat mile – that is, the cost of flying one seat one mile – were 12.69 cents, nearly 70 per cent higher than Southwest Airlines' 7.5 cents.

By far the biggest component of operating costs for airlines is labour, and US Airways has been trying since 1994 to persuade its unions to agree to the same sort of pay cuts that other US airlines have secured.

Mr Wolf, the former boss of United Airlines, the biggest US carrier, arrived at US Airways last year with a reputation for toughness. At first, he surprised observers by trying to work with unions rather than against them; but now, with the negotiations going nowhere, he is turning from carrot to stick.

Employees are reluctant to accept pay cuts, especially when profits are rising. Last year, net earnings at US Airways shot up from \$34.4m to \$174.6m, but the company said this profitability was too fragile to allow the company to risk expansion.

Mr Wolf and Mr Rakesh Gangwal, chief operating officer, told employees that the airline's east coast market was under attack by low-cost operators, notably Southwest, ValuJet and Delta Air Lines' new low-cost unit, Delta Express. The three have services overlapping 43 per cent of US Airways' traffic base.

Without a cost-cutting agreement, Mr Wolf and Mr Gangwal said, US Airways would be unable to confirm an order for 400 aircraft placed with Europe's Airbus Industrie last year, or press ahead with an expansion of its transatlantic routes.

Instead of growing, they said, US Airways would have to shrink. Operations facing the axe would include three big loss-makers – the airline's routes to and from Florida, its hub in Baltimore, Maryland, and its long-distance routes between the east and west routes. Together, these have lost \$2bn over the past five years.

US Airways said it has until September 30 to confirm its Airbus order – with the implication that time, as well as Mr Wolf's patience, is running out.

Stephen Wolf: US Airways, which has the highest costs of any large US airline, stands at a fork in the road Picture: Ashley Ashwood

Avonmore launches \$446m bid for Irish food group

By John Murray Brown in Dublin

Avonmore, the Irish foods company, yesterday launched an offer for Waterford Foods, which is worth nearly I£290m (\$446m) to shareholders and farmers in the co-operative that controls the target.

The one-for-two share offer values each Waterford share at 117¼p, at Avonmore's closing price on Friday, or nearly I£220m for the ordinary equity. A further £68m is being offered for preference shares and at least £36m of bonuses to farmers via milk prices.

Waterford shares had risen 20p to 100p in Dublin on Friday after the approach was revealed.

The target is 67 per cent owned by a co-operative and its board will meet on Friday to consider the offer. One official described it as "predatory and opportunistic". The merger would create the biggest milk company in Ireland and the UK, with a milk pool of 701m gallons. It would have 20 per cent of UK cheese production and assets in Ireland, the UK, the US and Hungary.

Waterford's shares fell 20 per cent last month after a profits warning.

An adviser to Avonmore dismissed allegations that it was seeking to exploit Waterford's recent difficulties. He said the merger proposal had been under consideration for years.

In its letter to Waterford, Avonmore described the proposal as friendly and said it would not proceed without the approval of both the board and the co-operative.

The Avonmore adviser said it was "hard to imagine" that without board approval the proposal would win the required 75 per cent backing of the 4,500 Waterford farmers.

Analysts said the offer was aimed at tempting Waterford farmers. Avonmore is offering a 3.25p a gallon bonus on milk prices in a package worth about £36m in the first year. This includes an undertaking not to cut prices in line with the recent revaluation of the Irish pound, which has reduced the local value of EU subsidies. In addition, the merged entity would pay farmers 3p a gallon above the market average for the next three years.

Suez to unravel cross-holdings in French companies

By Andrew Jack in Paris

Suez, the French holding company which plans to merge with the utilities group Lyonnaise des Eaux, said yesterday it would unwind most of its remaining cross-shareholdings with other French companies within two years.

Mr Gérard Mestrallet, who will head the executive committee of the combined group, said he believed the era of French companies taking stakes in one another – a characteristic of French capitalism – was at an end.

The Suez-Lyonnaise des Eaux stake in Saint-Gobain, the glass and building materials group, was likely to fall sharply this year, he said. Its interest in Axa-UAP, the insurer, was "not strategic" and could decline as soon as tax and other restrictions permitted in 1999.

Following the merger, the Saint-Gobain stake in the combined group would be reduced to 4 per cent, while Axa-UAP's would stand at 5.7 per cent. Neither of these companies will have representatives on the 20-strong supervisory board. They hold seats on the boards of the rival utilities group, Générale des Eaux.

Mr Jean-Louis Beffa, chairman of Saint-Gobain, decided this month to reduce his group's stake in Suez. Mr Mestrallet said that Suez would reduce its stake in Saint-Gobain pro-rata.

The merger of Axa and UAP has triggered a shake-up in a number of France's other cross-shareholdings. Suez and Elf Aquitaine, the oil group, unwound their mutual shareholdings last year.

Crédit Agricole, which will have 7.6 per cent of the combined group, has pre-emption rights to buy Sofinco, Suez's specialist consumer credit business, which looks non-core following the merger.

Return to roots, Page 21

Aircraft order for GKN arm

By Tim Burt

Westland, the helicopter subsidiary of UK engineering group GKN, has finalised contracts worth £167m (\$270m) for its EH101 aircraft, including a breakthrough civil order in Japan.

The company, the UK's last dedicated helicopter manufacturer, is believed to have sold its first civil variant of the EH101 to the Tokyo Metropolitan Police Agency for an estimated \$28m.

GKN refused to confirm the indentity of the buyer, saying only that it had concluded a civil sale in the Far East.

Westland officials, meanwhile, said the group had also signed off long-awaited contracts with the Italian government for 16 naval helicopters.

Agusta, GKN's Italian joint venture partner on the EH101, will enjoy the lion's share of the projected £450m order. Nevertheless, GKN Westland will receive some £150m of work, with first deliveries expected in early 1998.

Industry analysts said the civil order was the more important as GKN and Agusta had been seeking non-military orders for more than two-and-a-half years. GKN believes the breakthrough could lead to a joint venture in Japan with Kawasaki.

Deal would lead to creation of one of the biggest UK aggregates companies

Bardon and Camas to cement merger

By Peter John and Andrew Taylor, Construction Correspondent

Bardon and Camas, the UK building materials companies, are poised to announce a merger, possibly as early as today.

A link-up between the two Midlands-based groups would create one of the biggest companies in the UK aggregates industry, with combined sales of more than £725m ($1.2bn). On Friday, the two had a joint stock-market valuation of almost £500m, with Camas the biggest being valued at £257m.

Bardon and Camas attempted to join forces a year ago, but negotiations broke down after they failed to agree a management structure.

It is understood that Mr Peter Tom, chief executive of Bardon, and Mr Alan Shearer, his counterpart at Camas, differed over their potential future roles. One solution now might be for Mr Tom to continue as chief executive and Mr Shearer to take up the chairmanship.

Between them, Bardon and Camas now account for about 10 per cent of the UK aggregates market and more than 10 per cent of the coated stone market for road building and repairs.

If the deal is consummated, it would be the latest rationalisation move within the industry.

Tarmac, the industry's largest aggregates producer, exchanged its housebuilding operations for the quarry and construction divisions of Wimpey in a £600m deal last year. Wimpey previously paid £43.5m for Alfred McAlpine's aggregates arm.

Also last year, Minorco bought Tilcon's aggregates business for £330m, RMC paid £40.6m for Hargreaves Quarries and ARC paid £72.3m for Bardon's marine dredging business.

Prospects for quarry companies are now the best since the beginning of the 1990s, the peak of the last construction cycle.

Sales of crushed rocks, sand and gravel, and concrete are forecast to rise by between 3-5 per cent this year, with total construction output expected to increase by 2-3 per cent on the back of a sharp recovery in the UK housing market.

Also, rationalisation in the aggregates industry has reduced competitive pressure and allowed producers to increase prices this spring by 5-8 per cent and take advantage of rising sales.

Bardon struggled with heavy debts earlier in the decade, but its financial position has improved greatly with the sale of its marine business to ARC.

Last year, the company generated pre-tax profits of £23.4m on sales of £318m compared with £22.8m for Camas on turnover of £408m.

Laying the right foundations: Peter Tom (left) and Alan Shearer have differed over roles in an enlarged group

Sears chief to propose restructuring

By Bernard Gray

Mr Liam Strong, the beleaguered chief executive of UK retail group Sears, is to present a radical restructuring plan to the board ahead of the group's full-year results on April 29, in an effort to head off calls for his resignation.

Final details of the plan have yet to be decided.

But it centres on resolving the perennial problems at the company's British Shoe Corporation division.

It is likely that Mr Strong will propose that large parts of BSC will be closed or sold, a move which would involve heavy write-offs from Sears' balance sheet.

Shoe Express, the discount format originally introduced by Mr Strong, is likely to be closed completely.

It is also likely that at least part of the Dolcis shoe chain could be sold as vacant premises to other retailers.

Mr Strong has been forced to act because of long-term underperformance of the company's shares.

A series of unhappy transactions – such as the sale of businesses to failed group Facia and abortive negotiations over the sale of the mail order business Freemans – have also damaged Mr Strong's reputation.

Most recently, the poor trading performance of BSC has left Mr Strong with little option but to produce some radical plans to attempt to resolve the situation if he is to repulse calls for his departure.

He is expected to present the plans to the board as an issue of confidence, with the invitation to directors to back him and his initiatives or to find an alternative.

Up to now, Mr Strong has received firm backing from Sir Bob Reid, the board's chairman.

While many other board members are unhappy with the company's performance, a majority may not be willing to oppose both the chairman and the chief executive until the restructuring plan has been tried.

Institutional investors are also unhappy with the performance of Sears' shares over the five years Mr Strong has been with the company.

However, investors will not have an opportunity to express their views until after the board has decided on its plan and presented the results.

This is scheduled for the end of the month.

Demutualisation plans look set to gain backing

By Christopher Brown-Humes

Momentum behind the UK's demutualisation wave will build this week, when members of two building societies and one life insurer are almost certain to get overwhelming backing for their plans.

The moves would release windfall pay-outs averaging more than £1,000 to more than 4m people later this year.

Northern Rock and Bristol & West building societies hold special meetings tomorrow, while Norwich Union members vote on Friday. Advance postal votes almost certainly mean that the required support is already in the bag.

The proposed £600m sale of Bristol & West to Bank of Ireland, however, has proved mildly controversial, with some commentators suggesting the price is too low against the background of a recovering mortgage market.

But members are still expected to approve the deal, at the meeting at Shepton Mallet in Somerset.

About 430,000 Bristol & West savers will get average cash payments of £1,100, while 270,000 savers and 180,000 borrowers will get about £250, either in cash or preference shares.

About 50 per cent of members must approve the plans, for the deal to go ahead in late July.

Northern Rock is holding its meeting in Newcastle Upon Tyne.

About 900,000 members are set to receive a flat rate free shares pay-out worth about £1,400 when the society converts to a bank in October.

It needs 20 per cent of savers to vote – and 75 per cent of them to back its plans – and support from a simple majority of borrowers.

Norwich Union proposes to give 2.9m policyholders an average of more than £1,000 in free shares, assuming members back its planned £5bn flotation at its meeting in London's Docklands. Support is needed from 75 per cent of policyholders who vote. It aims to float in June.

About 97 per cent of members of Halifax, Woolwich and Alliance & Leicester building societies supported their plans to convert to banks.

27% rise at Beck and Pollitzer

By Krishna Guha

Pre-tax profits at Beck and Pollitzer Engineering, the UK engineering services concern, rose 27 per cent to £2m ($3.24m) in 1996 compared with £1.58m, lifted by stronger demand in continental Europe.

Directors said that export markets, mainly within the European Union, account for more than 30 per cent of the company's core mechanical installation business.

They added that turnover increased strongly, from £21.3m to £28m.

The buy-out team, which bought Beck from TDG in 1994 with finance from Schroder Ventures, has appointed NatWest Markets Corporate Finance to conduct a strategic review of the business.

Mr Michael Stone, chief executive, said the company was considering a flotation "later this year", if market conditions remained favourable.

Fleming recruits top ING Barings director

By Krishna Guha

Robert Fleming, the UK merchant bank, has recruited a senior director from ING Barings to bolster its corporate finance division. Mr Anthony McGrath, a former joint head of Barings corporate finance, joins Fleming as chief operating officer.

Fleming said yesterday that it had also recruited two other key directors – Mr Howard Lack and Mr Les Pugh – to add specialist expertise to the corporate finance team as part of an overall reshuffle.

The former chief operating officer, Mr Peter Barton, will now concentrate on winning business in Europe and developing the group's financial services arm.

Mr McGrath will join his former colleague Mr Bernard Taylor, who moved to Fleming three years ago, and was appointed head of investment banking last year.

Mr McGrath and Mr Taylor worked together as joint heads of Barings corporate finance team before Barings was taken over by ING. The third joint head of corporate finance at the time, Mr Charles Irby, remains at ING Barings.

Mr Taylor said yesterday that he was pleased to be re-united with Mr McGrath, with whom he had "worked very closely". But, he said, Fleming was not "targeting" Barings' corporate finance division, and was not embarking on a recruitment drive.

The appointments reflect "an increasing emphasis on marketing at a senior level," he said.

Mr Barton's new job is principally "marketing to corporates", and Mr McGrath will also be involved in marketing. "That is his bent," said Mr Taylor.

He said that Mr Lack and Mr Pugh brought particular sector expertise to Fleming. Mr Lack, formerly of Chase Manhattan, has been appointed head of project finance outside Asia.

Mr Pugh has been appointed head of the food and beverages team. He was recruited from SBC Warburg, where he was director of consumer products in New York.

CWS sets out results as Lanica watches

By David Blackwell

The UK's Co-operative Wholesale Society will today confirm a profit fall that would have been far worse but for record results from the Co-operative Bank. But it will present its accounts in a new format to combat what it described yesterday as a lack of understanding of its operations.

The profits for the year to January 11 will be shown before tax and before the distribution to members – the equivalent of a plc's [public limited company] dividend. At £68.2m ($109m), the figure is still down from a previous £78.3m.

But the traditional CWS consolidated profit and loss account shows that what it describes as the surplus before taxation fell by more than 50 per cent to £14m on flat sales of £3bn.

The change has been forced on the society by the interest of Lanica Trust, which is this week putting the final touches to its plans to bid £500m for some non-food businesses. Lanica, headed by Mr Andrew Regan, is expected to launch its attack on the back of today's poor figures.

The accounts also show that the total remuneration of Mr David Skinner, former chief executive, rose by 11 per cent, from £372,000 to £414,000. Mr Graham Melmoth, who replaced him in November, received £77,000 for two months.

The CWS said yesterday that there was no attempt to hide the fact that the bank had had a good year, while the other parts of the business had had a tough one.

Under the plc format, the bank contributed £44.4m to the group's total trading profits of £93.2m. This compares with £36.7m to total trading profits of £95.4m.

The retail operations, which have come up against fierce opposition from the big four supermarkets, made trading profits of £37.2m (£43.4m). The operating margin fell below 3 per cent.

Most of the non-food trading profits of £12.8m (£11.4m) come from funeral services. However, the figures are still not separated out, and some of the funeral business is in the North East Region's trading profit of £6.3m (£5.7m).

Trading profits from Associated Co-operative Creameries edged ahead to £7.5m on flat sales of £602m, while the agriculture arm made £6m on sales of £30m.

Shares in Lanica, which is planning to make its bid via a vehicle known as Galileo, were suspended in February. Mr Regan has written to the CWS that he is interested in transferring some co-operative businesses to a new company.

Mr Melmoth has fiercely resisted the move and believes the movement is behind him.

Japan brokers move towards consolidation

By Gillian Tett in Toyko

Fresh signs of consolidation in parts of Japan's financial sector ahead of proposed deregulation have emerged, with an announcement that two Japanese securities brokers are merging, while another is withdrawing from overseas operations.

Two small securities groups based in the western city of Tottori, Daisen Securities and Hinomaru Securities, plan to merge next October.

Meanwhile, Yamatane Securities, a medium-sized brokerage, has announced that it will close 13 domestic branches in June and cut 10 per cent of its workforce, as part of a two year restructuring programme. It will also close its US subsidiary.

The move comes as the group projects that it will report an operating loss of Y7.1bn (£34m) on revenue of Y11.6bn in 1996-97.

The loss at Yamatane is expected by analysts to be echoed across much of the securities' sector when the industry reports its results next month. With fixed commissions on brokers' medium and small transactions to be abolished next spring, competition is expected to become more severe.

Meanwhile, a business survey shows that Japanese fund managers are set to shun shares in banks and securities houses over the next year – even though they plan to step up their purchases of Japanese equities overall.

The survey by Merrill Lynch shows that banks and securities equities were viewed the second and third most negatively by Japanese fund managers. The construction industry was the least favoured. The most favoured were companies specialising in precision instrument and electrical machinery. The findings are likely to fuel concern that the recent sharp slide in bank shares will continue.

A new Starlet could rise in the east - or west

Michiyo Nakamoto and Tim Burt on Toyota's plans to up small car production in Europe

Toyota, Japan's largest car maker, plans to produce its smallest car yet in Europe, according to a company executive in charge of European operations.

Mr Shinji Sakai, Toyota's senior managing director with responsibility for European operations, said the company expected to focus on sales of small cars in Germany, France, Italy, Spain and the UK.

"The smallest cars, including minis, that Toyota does not produce, make up the majority of European car sales, so we are looking at how Toyota can participate in this market," he said.

The smallest car which Toyota currently makes, the Starlet, carries a 1,300cc engine.

The small car sector was the most competitive in Europe, but Toyota would have to tackle it to expand sales in the region, he said.

"We realise that Europe is a very difficult market but we can't give up because that would ruin our global strategy and local production is part of that strategy," he added.

Mr Sakai underlined the need for Toyota to tailor its products more specifically to the European market.

"The Camry is not a mass-selling car [in Europe] although it is the biggest selling car [for Toyota] in the US," he said.

Mr Sakai said Toyota is still conducting feasibility studies in various countries for its new European plant, and is looking to make a decision on the location by the end of next year.

The company hopes to have the plant operational by 2001, when Toyota is aiming to reach European sales of 600,000 units.

"We still have some time to make a decision," Mr Sakai said.

Tooling suppliers who last month said Toyota was considering building a plant in north-east France, said on Friday that the car company had asked for costed presentations on the possible project.

"The company is still looking at costs and management for France," according to one leading equipment manufacturer who asked not to be named.

The new small car Toyota is considering developing could be a model to compete with the Ford Ka, which has seen firm demand since it was launched last year, or it could be one of the small mini-vehicles which are becoming increasingly popular in Europe, commented Mr Saul Rubin, industry analyst for SBC Warburg in Tokyo.

Some industry analysts believe a decision to manufacture small cars makes it more likely that Toyota will base its new European manufacturing plant in eastern Europe.

Japan's largest car maker has dispatched several study teams to look into the feasibility of building a plant in one of the eastern European countries, where it believes a high level of technological skills and low wages relative to western European countries are major incentives to building a factory in the region.

"We look at Europe as one economic region, and so from that perspective there is not much difference where the factory is located, because there is sufficient infrastructure and there are no critical advantages or disadvantages to any particular region," said Mr Sakai.

Differences by region in the proximity of suppliers are not a significant issue for Toyota in Europe, and the company believes there is no difference in technical skills between workers in western European countries and those in Poland, Czechoslovakia or Hungary.

However, it has been reported that the equipment supplier's proposals for a French plant had received executive committee approval and were due for consideration at the main board.

And it has also been reported that managers working on the construction of Toyota's new US pick-up truck production line at Princeton, Indiana, had been shortlisted to join a French project management team.

Toyota, which has big plans to expand its global operations, is aiming to increase sales in Europe by 50 per cent to 600,000 units early next decade.

And to fulfill that goal, the company is almost doubling production capacity at its UK manufacturing base in Burnaston, in Derbyshire, to 200,000 units.

However, it believes a second manufacturing plant is needed to meet the increase in sales and maintain a high degree of local production to cope with exchange rate fluctuations and trade friction.

COMPANIES AND FINANCE

Joint venture buys Dutch business daily

By Gordon Cramb in Amsterdam

HAL, the Dutch investment company born out of the former Holland America Line, is to buy the country's business daily, Het Financieele Dagblad, in a joint deal with Mr Willem Sijthoff, a grand nephew of the current owner.

The 82-year-old Mr Hendrik Sijthoff, who lives in Switzerland, is to receive some Fl 84m ($44m) for the non-voting share certificates, while executive control will remain vested in a staff foundation.

Pearson of the UK, owner of the Financial Times, and De Telegraaf, the Netherlands' biggest selling daily, had each made unsuccessful approaches to buy out Mr Sijthoff along with the personnel voting rights.

Under the deal HAL and Mr Willem Sijthoff will initially each own half, but are to offer employees up to 30 per cent.

The purchasers have pledged to retain a majority for 10 years, during which no stake would pass to another publisher. After that the staff would have a pre-emptive right if any holding in the newspaper were to change hands.

Management of the title had argued that its interests were best served by remaining independent of other media groups, so that for any future project it could choose the most appropriate partner. These might not wish to be associated with a parent group active in other, possibly conflicting areas.

Het Financieele Dagblad, with a circulation currently at 42,200, made net profits last year of Fl 2.6m on revenues of Fl 46m. Founded 200 years ago as the Amsterdamsch Effectenblad, it has been in Sijthoff family hands for more than half a century.

Mr Hendrik Sijthoff, who first put the paper up for sale in late 1990, said he was leaving the business not only because of his age but because of a deterioration in relations with the management.

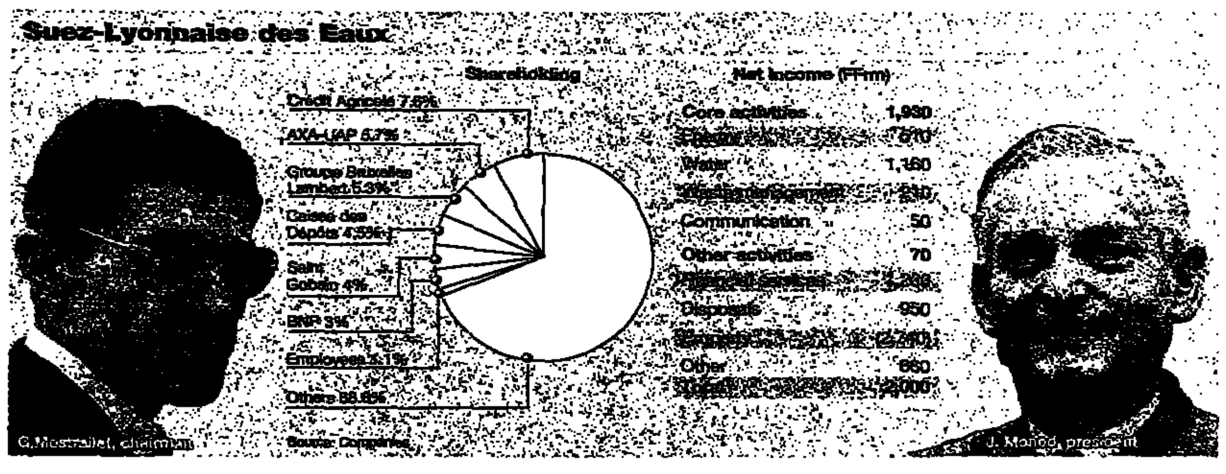
In the past six months he gave Pearson and then De Telegraaf exclusive rights to negotiate a deal, but both proposals foundered as a result of opposition from within the title. The same objections confronted Belgium's De Tijd, publisher of a Flemish economic daily, which had sought to join the Rotterdam-based HAL in its bid.

Mr Bob Sijthoff, his son and representative on its supervisory board, had fought for a sale to a media enterprise but said of the outcome: "It was the staff's preference. If they are happy with it, that also makes me happy."

Employees still have to formally approve the deal, as well as decide whether they wish to take up the 30 per cent holding and how this might be financed. An intended buy-out foundered in 1991.

French utilities return to their roots

The proposed merger of the two French groups Compagnie de Suez and Lyonnaise des Eaux into a single utilities combine with assets of FFr330bn ($56.9bn) represents in many ways a return to the historical roots of the two businesses.



Suez, founded to build and operate the Middle Eastern canal of the same name, was forced to diversify into financial services and other investments after President Nasser of Egypt nationalised its principal asset in 1956. For five years, the company was itself taken over by the state and transformed during the socialist administration of the 1980s.

Lyonnaise, for a long time dominant in electricity generation, always escaped public ownership, but was obliged to expand its water operations once the first French government after the second world war stripped out its leading activity by nationalising power production.

Suez-Lyonnaise des Eaux, as the combined entity will initially be called, has unveiled four principal activities that echo their mutual origins serving the essential needs of local communities: energy, water, waste management and communications.

These businesses were already well represented at Lyonnaise des Eaux, through the parent company or its subsidiaries, including Northumbrian Water and Degremont for water, Elyo for energy and Sita for waste management.

They had also become an increasing priority for Suez, under the chairmanship in the past two years of Mr Gérard Mestrallet, chief executive of the new group.

Mr Mestrallet is an engineer by training, and he demonstrated his focus on industrial activities by divesting the company's property lending and investment banking arms, and acquiring a controlling stake in the Belgian utilities group Tractebel last year.

The result is that the proportion of Suez's capital invested in the four key business activities has increased from 12 per cent to 33 per cent in the last three years, while at Lyonnaise it has grown from 60 per cent to 75 per cent.

The chairmen of the two groups argue these are the sectors offering the greatest potential future growth, reflecting rapid urbanisation, the deregulation of monopolies and the trend towards privatisation and management contracts.

They are areas in which the French utilities companies, with their long experience of competitive bidding for contracts, have already demonstrated a strong advantage.

As a result, the new group has set itself the ambitious objective of becoming a world leader in its sectors, with 80 per cent growth in sales by 2001 – nearly all of which will be outside France and Belgium – and a doubling of its estimated total 1997 profits of FFr3.5bn over the same period.

Reaping the rewards of Suez's programme of asset sales in the last two years, Lyonnaise des Eaux will gain access to its partner's treasury of some FFr4bn, cutting the combined group's ratio of net debt-to-equity to 46 per cent, benefiting from a free cash flow of FFr4bn a year, and – Mr Mestrallet hopes – an improved credit rating.

However, Mr Jérôme Monod, chairman of the water company and head of the new supervisory board, argues that there is a strong industrial as well as financial logic to the merger.

He says that the two companies' businesses share not only a need for substantial capital, but also have a similar approach to the utilities markets, and are responding to the growing international trend towards the formation of multi-utilities and co-generation contracts.

At the same time, Mr Monod stresses that the merger is not about cutting costs. He estimates that there will be operational savings of FFr200m a year, and a further FFr250m in reduced depreciation charges following a once-and-for-all goodwill write-down at the time of the merger.

But he maintains that there is little overlap between Lyonnaise and Tractebel, which is above all an energy producer. He says the operating business will co-operate on foreign contracts rather than encroachon each others' home markets. Asked whether there could eventually be a combination into a single entity, he says: "The future is not set in stone, but the question is not being asked at the moment."

"It is more about an exchange of savoir-faire than economies of scale," says Ms Dominique Carrel, an analyst with CDC Bourse. "The synergies are not completely clear. In the short-term, this is a good operation. In the long-term, it is more difficult to see the advantages."

Other analysts are particularly sceptical about the fourth principal activity: communications, notably its investments in the French television station M6, the satellite service TPS, and a domestic cable network.

It represents just 1 per cent of the combined group's 1996 operating profits, and at FFr2bn, an even smaller proportion of turnover.

The group has more modest European ambitions for communications, and continues to argue - unlike its rival Générale des Eaux - that cable can be profitable. Mr Guy de Panafieu, Lyonnaise's deputy chairman, says there will be alliances with telecom operators in Benelux, Germany, the UK and France, where a deal with Bouygues is likely in the next few months.

But with the new group's principal activities clearly identified, what will happen to its other businesses? Most significant are its financial services investments, including in France the specialist consumer credit arm Sofinco, and in Belgium the 30 per cent stake in Générale de Banque and the 19 per cent stake in banking and insurance group Fortis AG. Through its Belgian holding company La Générale, it also holds of stakes in mining group Union Minière, polyurethane manufacturer Recticel, and electronics group Coficem-Sagem.

Mr Mestrallet says there will be no new important acquisitions in these activities, but there is no pressure to sell them to raise money and they remain a useful source of profits. Nevertheless, it seems their role will be declining substantially in the coming years.

Andrew Jack

Satellite operation industry set 'to triple'

By Raymond Snoddy

The satellite operation industry will triple in size from $4.5bn in 1996 to $14.7bn in 2002, according to a new study by Merrill Lynch the US finance house. When direct to home television services are included, the total rises to $31bn.

Until now demand has been driven by the growth of satellite-delivered television, both direct to consumers and for re-distribution by terrestrial broadcasters and cable operators.

But in the next four years Merrill Lynch expects satellite communications to emerge as the main means of delivering advanced digital telephony, fixed and mobile, high-speed Internet access, and multi-channel digital television.

"Emerging companies are also pioneering whole new generations of satellite services, including direct-to-car audio broadcasting, mobile data and digital imaging.

The 152-page report, Global Satellite, by Merrill's European media specialist Mr Neil Blackley and its satellite communications analyst Mr Thomas Watts, suggests 50 to 100 digital audio channels will be available through "a silver dollar sized" antenna mounted on cars.

Existing satellite operators and new consortia were responding to these potential markets through an unprecedented wave of applications for licences, orbital slots and satellite orders, the report suggests.

The demand for satellites over the next decade is forecast to be between 262 and 313, of which 108 are already under firm production contracts.

Merrill Lynch says the fastest-growing operators have been the new private commercial companies such as PanAmSat of the US and SES, the Luxembourg-based company that runs the Astra satellite system.

US trading halts attacked

By Laurie Morse in Chicago

New York Stock Exchange rules on trading halts have been attacked by senior US bank and market regulators for being out of date.

The rules, which require the nation's primary stock market to close if the Dow Jones Industrial Average falls more than 350 points on a single trading day, were imposed in 1988 after the Dow's 508-point drop on October 19 1987, and were intended to provide a period of calm if a similar crisis occurred.

However, the Dow's march above 7,000 this year reduced the trigger level to 5 per cent of the index's value. With the Dow now down nearly 10 per cent since its peak on March 11, and 100-point daily price moves becoming the norm, the potential for market halts has grown.

The American Stock Exchange and the Nasdaq over-the-counter market have both agreed to follow the NYSE's trading halts. US options and stock index futures markets also have rules requiring them to close when the cash markets shut.

The possibility of the US stock market disabled, even temporarily, worries experienced market regulators.

"The circuit-breakers were widely praised [after the 1987 crash] but I think we should question this," said Ms Susan Phillips, a governor of the US Federal Reserve Board, speaking at a gathering of fellow regulators and financial experts at Vanderbuilt University last week. "I think we should re-evaluate circuit breakers in light of recent market developments."

In particular, Ms Phillips said that the exchanges and regulators have no experience in restarting markets that have been halted in crisis. "The justification was that market-makers need time to catch-up, get more information. Now, with such efficient technology and information flow, this rationale needs to be re-examined," Ms Phillips said.

Under current NYSE rules, the exchange will halt trading for 30 minutes if the Dow drops 350 points in a single session. If, after that interval, the rout continues and Dow is down 550 points, a second, one-hour halt takes effect.

Noting that the most difficult periods during the 1987 crash were times when the markets were not trading, Mr Hans Stoll, director of financial markets research at Vanderbuilt said "Trading halts make absolutely no sense."

Mr Richard Lindsey, director of market regulation at the Securities and Exchange Commission, said the usefulness of circuit breakers remained "an open issue", at his agency. Co-ordinated trading halts are more desirable than market breakdowns during a crisis, he said, but agreeing on appropriate market levels for such halts is difficult.

A group of senior regulators known as the President's Working Group on Financial Markets, which includes SEC chief Arthur Levitt and Federal Reserve Chairman Alan Greenspan, nudged the NYSE into modifying its trading halt rules in two steps over the past year.

The trigger points were widened in January from losses of 250 and 400 points and the length of each halt was shortened in rule changes last year.

Mr Lindsey said the changes were made in two steps, and rather quietly, so as not to alarm the public.

"We framed it in the context that the market is doing so well, the constraints could be eased. We didn't want people to think we wanted the revisions because we feared the triggers would be hit."

INTERNATIONAL NEWS DIGEST

Brazil to privatise container terminal

Brazil plans to sell the Santos container terminal, the largest in the country, in August to accelerate the privatisation of its ports sector. The renewed emphasis on privatising ports reflects the government's desire to reduce the high transport costs that Brazilian companies face, which it believes is a factor in the country's widening trade deficit.

The container terminal at Santos, 50km from São Paulo, had turnover of R$445m ($423.8m) in 1996 when the volume of cargo going through the terminal was 36.3m tonnes. Santos is one of seven ports owned by the government which are being sold in the process of privatisation. The others include the port of Rio de Janeiro, Vitória in the state of Espírito Santo and Sepetiba in Rio de Janeiro state. Santos, Latin America's biggest port, is one of the world's most expensive, due to high access charges, long waiting times, over-manning and rigid labour laws. *Geoff Dyer, São Paulo*

Cisneros dismisses report

Venezuela's Cisneros Group at the weekend denied reports published in the leading daily El Universal that it was selling a 50 per cent share in the local bottling company Embotelladoras Coca-Cola Hit de Venezuela, a joint-venture with Coca-Cola, to Colombia's bottler Pananco-Indega. "We are neither selling nor are we close to a deal with Pananco," said Mr Eduardo Houser, managing director of the group.

He added that bankers working for the Cisneros Group have had "informal conversations" with bottlers in the region in an attempt to seek out opportunities to expand operations. "We will continue to pursue any opportunity to take our bottling operation outside of Venezuela." Such opportunities could include an acquisition, merger or association with other bottlers, said Mr Houser.

Last August it abandoned a 50-year association with Pepsi-Cola, which dominated the soft drinks market, to form a joint-venture with Coca-Cola.

Raymond Colitt, Caracas

Alcan in surprise advance

Alcan Aluminum, the world's second-largest aluminium producer, posted better than expected first-quarter earnings of US$143m, as shrinking worldwide inventories pushed prices higher. First-quarter consolidated net income of US$143m was about 10 per cent better than expected and up from US$125m last year.

Aluminium prices are expected to rise to between 80 cents and 90 US cents per pound this year from about 70 cents a pound on the London Metals Exchange. Alcan earnings are forecast to increase throughout 1997 and peak next year.

Reviving economies in Asia, Europe and Latin America should offset slower growth in the North American market. Alcan shares had been sliding since last month on fears of weaker earnings and lower prices for beverage can sheet and other products. The company's stock has lost nearly 14 per cent of its value in the last year.

Total first-quarter sales were down to US$1.87bn from US$1.99bn last year but rose compared with the fourth quarter last year, when Alcan sold US$1.80bn worth of products. Alcan's earnings include an after-tax gain of US$36m from the sale of a downstream business in South America and a favourable income tax adjustment in Canada. *Scott Morrison, Vancouver*

Bull pre-placement begins

Pre-placement begins today in the continued move towards privatisation of Bull, the French computer manufacturer. As a result of the operation, which is designed to increase the free float in Bull, the government will reduce its share from 30.5 per cent to 17 per cent, by releasing approximately 18m shares on to the market. Nearly 10 per cent of the offer has been ear-marked for individual investors.

The price of the offer, which is also due to be announced today, is expected to be approximately mid-way in the range given earlier this year by Bull, of between FFr22 and FFr50. Approximately 55 per cent of the capital of Bull is held equally by three core investors – France Telecom, and the electronics groups NEC and Motorola. Bull last month reported its second consecutive annual profit after accumulating losses of FFr22bn ($3.8bn) between 1989 and 1994. *Andrew Jack, Paris*

FINANCIAL TIMES MARKETS THIS WEEK

Global Investor / Tracy Corrigan

Taking stock of other options

When inflation looms, the classic defensive strategy is a shift into real assets, such as commodities and real estate. But despite mounting inflationary pressures in the US economy – prompting last month's ¼ point tightening in US rates and a slump in bond and stock prices – it is not certain that the old rules still hold true.

Certainly, the recent experience of investors – the steady rise of financial asset values so far this decade and the long-benign inflationary environment – has reinforced confidence in the logic of long-term investment in stocks. There are some early signs that confidence is beginning to ebb in the face of steadily declining stock prices. According to initial estimates by the Investment Company Institute, the flow of new money into US equity mutual funds halved in March to the lowest level since July, the last time US stocks suffered a significant setback. Though a $9.5bn (£5.9bn) inflow of new cash hardly suggests a crisis of confidence, it may mean that investors are looking at other options.

One of these is commodities. Two weeks ago, Oppenheimer Funds launched the Oppenheimer Real Asset Fund, a mutual fund designed to reflect the progress of the Goldman Sachs Commodities Index, allowing retail investors to gain exposure to commodity prices without buying the assets themselves or futures contracts. More such funds are likely to follow.

But investors worried about the risks of holding equities in a more inflationary environment should not underestimate the dangers of the commodities market.

Traditionally, commodity prices are the first beneficiaries in an inflationary environment, but this time buying commodities may not be the obvious defensive play it sounds. Commodity prices are determined mainly by supply and demand, which is influenced by micro as well as macro-economic factors.

"Investors most concerned about inflationary risks will be attracted by the notion that commodity prices are set to rise, but it's interesting to note that commodity producers themselves appear to have no such expectations and rather seem to have been concentrating their efforts on cutting production costs," said Mr John Lipsky, chief economist at Chase.

In various base metals such as copper, for example, producers are increasing capacity through improvements in efficiency which may push prices down.

Furthermore, investors who buy exposure to the Goldman Sachs Commodity Index will largely be betting on the oil price – overall, energy accounts 55 per cent of the index, because it is designed to reflect the value of production in the world economy. And the oil price is widely expected to fall, because of increasing supply. It is already down 30 per cent since the start of the year, typically the period when demand is strongest.

The International Energy Agency, the Paris-based think-tank, says in its latest monthly report that supply will outstrip demand this year. Opec continues to produce a million b/d more than it's supposed to and there is a lot of production coming onstream from new sources, especially Latin America and the North Sea.

Of course, a rapid acceleration in global growth in the next year or so could outweigh these factors. Some observers believe that demand for energy from the former Soviet Union and other emerging economies will rocket. But the pre-emptive action against inflation by the US Federal Reserve has convinced most observers that US growth is likely to start slowing. And while the economies of Europe and Japan will probably be picking up, it seems unlikely that global growth will be substantially above-trend.

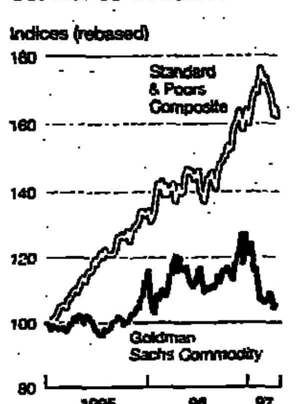
The other real asset class investors tend to favour in inflationary times is property: an investment which is as local as commodities are global. There are undoubtedly some attractive local situations. London prices are taking off, after years of stagnation, and prices in New York have also been climbing.

Even investors who like the idea of real assets should consider whether it makes sense to concentrate all their efforts on hedging against inflation.

"One of the messages of the 1990s is that policy makers have become much more aggressive about fighting inflation," argues Mr David Shulman, chief strategist at Salomon Brothers, who believes that even if global growth picks up, inflation will remain relatively low.

In the meantime, there are other defensive options. Mr Lipsky suggests a shift into short-dated Treasury bonds as protection against the near-term risk in financial markets.

Stocks vs commodities



Source: Datastream

Total return in local currency to 10/04/97

	US	Japan	Germany	France	Italy	UK
	% change over period					
Cash						
Week	0.11	0.01	0.06	0.09	0.14	0.12
Month	0.45	0.04	0.27	0.28	0.61	0.51
Year	5.87	0.85	3.42	4.31	9.38	6.44
Bonds 3-5 year						
Week	–0.06	0.17	0.36	0.47	1.20	0.50
Month	–0.74	0.16	0.21	0.20	0.54	–0.72
Year	5.50	6.06	7.48	9.01	18.24	8.19
Bonds 7-10 year						
Week	–0.09	0.44	0.82	0.97	2.17	0.56
Month	–1.38	1.62	–1.12	–0.98	0.61	–1.58
Year	5.37	11.12	10.47	12.24	27.20	10.68
Equities						
Week	1.2	–4.0	3.9	3.6	3.7	2.2
Month	–6.6	–2.1	–2.2	–3.2	–0.6	–2.7
Year	21.8	–18.5	32.7	29.0	26.0	17.3

Source: Cash & Bonds - Lehman Brothers. Equities-© FT/Extel Index Unit. The FT/S&P Actuaries World Indices are jointly owned by FT-SE International Limited, Goldman Sachs & Co., and Standard & Poor's.

COMPANY RESULTS DUE

Threat of strike hits AMR in first quarter

AMR of the US is expected to report on Wednesday first quarter earnings per share of $1.40-$1.50, against $1.84 last time, with the fall caused mainly by the threat of a pilots strike at its American Airlines unit.

Mr David Campbell, airline analyst at Scott & Stringfellow, said: "Other than the strike threat, AMR had a decent quarter, with fairly strong domestic and international traffic."

On April 4, the Allied Pilots Association approved a tentative contract agreement and union leaders have said that the contract is expected to be ratified. Analysts said a settlement should help AMR achieve higher results during the rest of 1997. *AFX News*

■ AT&T of the US is expected to report first quarter earnings per share of 70 cents, down from 85 a year earlier, but in line with projections made by the company on March 3.

Earnings per share of 70 cents would be in line with projections made by the company on March 3, when Mr Robert Allen, AT&T's chairman, warned analysts that they should be prepared for first quarter earnings per share to fall as much as 10 per cent below the 76 cents of the 1996 fourth quarter.

Mr Robert Venable, telecommunications analyst at Robert W. Baird, said that AT&T's profit will be squeezed chiefly by the company's need to make big investments in both its core long-distance services and its services division in order to retain competitiveness. *AFX News*

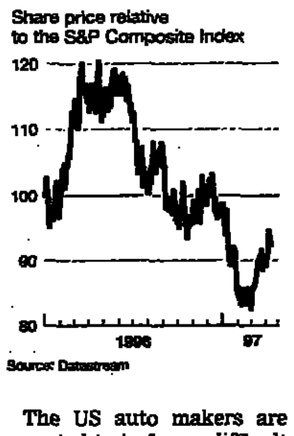
■ The consensus forecast for AT&T's chief US rival, MCI Communications is for flat first quarter earnings per share of 42 cents, with a high estimate of 47 cents and a low estimate of 36 cents.

MCI has also had to increase spending to remain competitive in traditional and new markets, but said its planned merger with the well-capitalised British Telecommunications will lessen the risk involved in such investment. *AFX News*

■ General Motors is expected to announce on Monday first quarter earnings per share double last time's, which were hit by strikes, while Ford should report a solid gain on Wednesday.

American Airlines

Share price relative to the S&P Composite Index



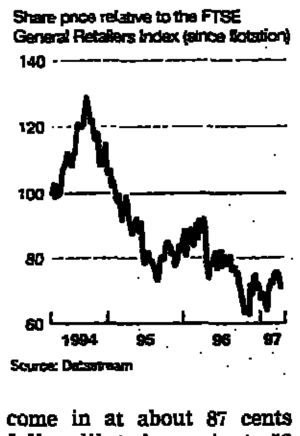
Source: Datastream

The US auto makers are expected to to face a difficult battle in 1997 to maintain sales levels, as Japanese manufacturers continue to steal market share on the back of the weak yen.

The consensus forecast for GM's earnings per share is $2.09, up from 93 cents last time, while Ford should come in at about 87 cents fully diluted, against 53 cents. *AFX News*

House of Fraser

Share price relative to the FTSE General Retailers Index (since flotation)



Source: Datastream

■ Intel of the US is expected today to report first quarter earnings per share of about $2.07.

This is more than double the last time's $1.02, and reflects a continuing US corporate upgrade cycle of its Pentium and Pentium Pro-based personal computers.

Fourth quarter sales rose 41 per cent and the surge in corporate demand seems to have persisted into early 1997. *AFX News*

■ Associated British Foods is expected to report today a rise in interim profits from £198m ($321m) to £210m, in spite of the adverse effects of sterling, particularly on British Sugar.

But attention will focus on the company's £1.5bn cash pile, boosted last month by the sale of the group's Irish supermarkets to Tesco.

Speculation has centred on Tate & Lyle; Unilever's National Starch and Quest; Poland's sugar mills, which are being privatised; and the corn milling business of CPC in the US. There is also institutional pressure for payment of a special dividend.

■ LucasVarity, the Anglo-US engineering group formed by last year's £3.2bn merger of Lucas Industries and Varity Corporation of the US, is expected to report underlying pro forma profits of £280m-£283m ($330m) tomorrow.

The headline figures, however, will be undermined by £250m of write-downs and restructuring charges.

■ Cobham, the aerospace and defence group, is expected to demonstrate on Wednesday that it still deserves its premium rating when it produces preliminary results.

Brokers shaved their predictions of pre-tax profits for the year to December 31 to £41m to £44m, after disappointing interim figures.

The core businesses seem to be doing well, but diversification into civil electronics markets through the purchase of Westwind in November 1995 has yet to deliver the expected returns.

■ Interim results from Albert Fisher, the fruit, vegetables and seafood group, on Thursday are not expected to dispel the gloom around the stock.

Pre-tax profits before non-operating exceptionals are expected to be little changed from the £18.8m reported this time last year.

A trading statement in February warned of problems with the cockle harvest, while analysts expect a less good performance from frozen foods, and some currency damage. A maintained dividend is forecast.

The occasion will provide an opportunity for the new chief executive, Mr Neil England, who joined from Mars, the confectionery group, in November, to discuss his plans for the group.

INTERNATIONAL EQUITIES By Michael Lindemann

Eastern Europe to centre stage

New equity issues from eastern Europe will take centre stage this week when the Hungarian government is expected to announce the second equity offering, worth about $300m, (£185m) for Magyar Olaj-es Gazipari (MOL), the national oil and gas group.

APV, the state-owned privatisation fund, is expected to reduce its holding from 58 per cent to about 41 per cent by means of an equity placement. About 15 per cent is expected to be taken up by international investors, and Hungarian investors are likely to take up a further 2 per cent. The bookbuilding exercise to determine the price of the shares will start later this month, and a closing price will be set in early May.

MOL II, which follows on from the initial public offering of MOL shares in November 1995, is the first of several larger eastern European companies to launch equity issues this year. Bank Handlowy, the state-owned former Polish foreign trade bank, will begin its privatisation process in May, through an initial public offering representing about 30 per cent of its equity.

Following the IPO, which will be directed at Polish and foreign investors, a further 30 per cent will be sold to 'core' investors, a group of between three and six companies, either banks or industrial groups.

A further 30 per cent of Bank Handlowy, which is expected to be valued at about $1bn, will be sold to Polish pension funds, and the remaining 10 per cent will be retained for employees and for a reprivatisation reserve. Bank Handlowy, whose privatisation is being managed by Schroders, reported 1996 net profits of $172.8m, up 26 per cent on the 1995 results.

Close on its heels will be an initial public offering of shares in KGHM, the Polish copper group, a transaction which the Polish government is expected to confirm this week, and which is being managed by BZW, the investment banking arm of Barclays Bank. KGHM, which is valued at about $1.25bn, has been earmarked for privatisation for several years, but the process has been held up by employees' protests and political difficulties. It has also been buffetted by turbulence on the world copper markets, with both sales and profits falling. About half of the equity is expected to be offered to investors.

BZW has also been retained to advise the Polish government on a private placement for PZU, the Polish insurance group. This may raise around $250m and is the first of several steps to privatise the company.

The focus will shift back to Hungary before the summer, when Schroders will, together with Creditanstalt, manage an offering of shares in Richter Gedeon, Hungary's largest pharmaceuticals company.

APV and the state-owned pension funds together hold about 38 per cent of the company. They are expected to reduce this stake to about 25 per cent, raising about $150m. The company is also expected to raise some further capital.

Deutsche Morgan Grenfell has been appointed financial adviser to Jadranski Naftovod (Janaf), the Croatian arm of the Adriatic oil pipeline, which is considering several options to raise capital later this year or early next.

DMG, the investment banking arm of Deutsche Bank, has also recently been appointed financial adviser to Koncar, the Croatian capital goods conglomerate, which is evaluating different methods with which to tap the capital markets.

FT/S&P ACTUARIES WORLD INDICES

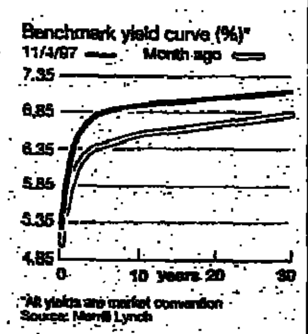
The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International Limited and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

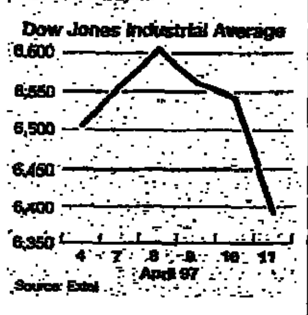
NATIONAL AND REGIONAL MARKETS	FRIDAY APRIL 11 1997								THURSDAY APRIL 10 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	%chg since 31/12/96	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/96	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	217.79	–1.9	198.71	173.65	195.21	184.28	–0.8	4.12	217.88	198.88	173.89	194.47	185.49	225.77	188.44	202.27
Austria (24)	175.63	–7.5	160.24	140.04	157.42	157.38	3.5	1.87	177.88	162.36	141.78	158.76	158.69	195.04	174.70	181.44
Belgium (26)	228.62	0.4	208.59	182.29	204.92	200.60	12.5	3.55	230.47	210.38	183.73	205.71	201.40	241.54	205.89	208.55
Brazil (30)	240.48	26.8	219.40	191.74	215.55	488.76	29.2	1.08	245.66	224.24	195.84	219.27	478.64	247.23	149.77	149.77
Canada (114)	178.27	–6.1	162.65	142.14	159.79	180.31	–4.3	2.16	182.38	166.48	145.39	162.79	183.74	203.31	154.12	159.96
Denmark (32)	354.30	0.7	323.26	282.50	317.57	316.43	12.1	1.59	355.88	324.88	283.71	317.66	316.75	376.98	291.89	296.06
Finland (28)	247.61	0.8	225.91	197.43	221.94	267.63	12.8	1.70	252.24	230.25	201.08	225.14	271.70	268.58	175.78	176.79
France (91)	213.69	–0.2	194.97	170.39	191.54	194.42	11.4	2.76	216.79	197.89	172.82	193.51	196.52	226.25	186.94	194.15
Germany (59)	196.73	3.5	179.49	156.86	176.33	176.33	15.8	1.60	197.73	180.49	157.63	176.49	176.49	207.65	164.47	172.08
Hong Kong (66)	452.94	–10.7	413.25	361.15	405.99	450.61	–10.5	3.37	448.40	409.31	357.46	400.24	446.10	514.49	407.55	429.99
Indonesia (27)	225.37	–1.2	205.62	179.70	202.01	332.61	0.6	1.60	224.39	204.83	178.88	200.29	331.20	–	–	–
Ireland (16)	326.49	–0.7	297.89	260.33	292.65	297.37	8.6	3.21	327.79	299.22	261.31	292.58	298.23	343.35	264.44	264.44
Italy (59)	86.74	3.9	79.14	69.16	77.75	110.03	16.1	2.16	86.13	78.62	68.66	76.88	108.30	98.32	73.26	75.15
Japan (485)	108.92	–15.6	99.38	86.85	97.63	86.85	–8.3	0.90	107.57	98.19	85.75	96.01	85.75	164.68	107.57	154.70
Malaysia (107)	565.26	–6.3	515.73	450.70	506.66	545.34	–7.0	1.18	568.67	519.10	453.34	507.58	548.72	660.85	512.47	555.33
Mexico (27)	1347.34	10.4	1229.28	1074.29	1207.66	11668.48	11.1	1.18	1368.03	1248.77	1090.58	1221.09	11636.50	1445.68	1110.35	1198.51
Netherland (19)	334.01	–0.6	304.75	266.32	299.39	295.47	11.3	2.65	338.10	308.62	269.53	301.78	297.98	357.18	279.88	290.60
New Zealand (14)	84.19	–8.3	76.82	67.13	75.46	64.39	–8.6	4.41	84.05	76.73	67.01	75.03	64.52	95.60	73.94	81.24
Norway (41)	294.50	–0.3	268.70	234.82	263.97	278.76	8.8	2.20	297.48	271.55	237.15	265.53	280.94	321.23	243.25	243.25
Philippines (22)	180.37	–11.4	164.57	143.82	161.67	236.97	–11.2	0.76	178.23	162.69	142.08	159.09	234.18	–	–	–
Singapore (43)	386.94	–7.8	353.03	308.52	346.83	256.95	–5.1	1.10	396.46	361.89	316.05	353.87	262.78	449.15	371.28	441.82
South Africa (44)	357.59	12.3	326.26	285.12	320.52	347.72	6.8	2.41	357.94	326.73	285.34	319.49	348.65	381.77	301.49	363.89
Spain (35)	211.35	–3.8	192.83	168.52	189.44	232.44	7.3	2.72	213.25	194.66	170.00	190.35	234.26	228.16	171.08	171.08
Sweden (49)	417.32	–1.1	380.75	332.75	374.06	475.04	11.4	2.20	419.95	383.34	334.78	374.84	478.34	448.64	334.35	337.07
Switzerland (36)	254.52	6.7	232.22	202.94	228.13	231.62	16.6	1.41	255.38	233.10	203.57	227.93	232.53	262.41	229.36	240.02
Thailand (43)	84.40	–11.9	77.00	67.29	75.65	65.44	–10.4	3.65	83.86	76.55	66.85	74.86	64.88	166.23	73.86	160.39
United Kingdom (211)	277.16	–2.1	252.87	220.99	248.42	252.87	3.1	3.89	279.56	255.19	222.86	249.53	255.19	285.30	228.85	229.98
USA (653)	299.25	–0.9	273.03	238.61	268.23	299.25	–0.9	2.01	308.00	281.15	245.54	274.92	308.00	331.54	254.79	256.97
Americas (824)	274.13	–0.7	250.11	218.58	245.71	230.93	–0.6	2.00	282.01	257.42	224.81	251.72	237.52	303.45	233.09	234.96
Europe (726)	240.06	0.2	219.03	191.41	215.17	223.56	9.3	2.80	241.94	220.85	192.87	215.96	225.02	248.97	204.71	206.73
Nordic (150)	361.07	–0.5	329.43	287.90	323.64	355.15	11.4	2.03	364.03	332.30	290.20	324.93	357.74	386.86	288.28	289.30
Pacific Basin (883)	128.65	–13.5	117.38	102.58	115.31	100.85	–7.9	1.44	127.44	116.33	101.60	113.75	99.94	177.01	127.44	167.89
Euro-Pacific (1609)	175.08	–6.1	159.74	139.60	156.93	147.17	1.2	2.21	175.15	159.88	139.63	156.34	147.13	191.51	175.08	183.97
North America (767)	291.84	–1.1	266.28	232.69	261.58	291.39	–1.0	2.02	300.29	274.11	239.39	268.04	299.78	323.69	248.66	250.92
Europe Ex. UK (515)	214.89	1.5	196.07	171.36	192.62	202.76	13.1	2.17	216.47	197.60	172.57	193.22	203.77	224.70	185.65	188.96
Pacific Ex. Japan (398)	293.09	–7.0	267.41	233.69	262.70	254.32	–6.5	2.91	292.77	267.24	233.39	261.32	254.46	320.65	288.97	290.25
World Ex. US (1824)	178.42	–5.4	162.78	142.26	159.92	152.90	1.4	2.19	178.73	163.15	142.48	159.53	153.06	183.47	178.42	185.07
World Ex. UK (2266)	211.04	–3.5	192.55	168.28	189.17	188.98	0.0	1.91	214.22	195.54	170.77	191.21	191.73	228.59	188.58	204.67
World Ex. Japan (1992)	271.64	–0.8	247.84	216.59	243.48	262.89	2.2	2.33	276.90	252.76	220.74	247.16	267.87	282.72	233.10	236.13
The World Index (2477)	216.64	–3.4	197.66	172.73	194.18	194.72	0.3	2.11	219.75	200.60	175.18	196.15	197.44	233.38	202.32	206.93

 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local). Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 128.22 (Local). Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local). Indonesia and Philippines June 28 1996 = 214.14 (US $ Index), 204.33 (Pound Sterling) and 184.40 (Local).

MARKETS: This Week

NEW YORK By Tracy Corrigan





US financial markets are braced for further falls this week, after the US stock market closed on Friday below its January 1997 level for the first time this year. The Dow Jones Industrial Average of 30 large stocks ended Friday at 6,391.69, having dropped nearly 150 points during the day. It closed 1996 at 6,448.27.

Among this week's figures, analysts will be scrutinising March consumer prices, due to be released on Tuesday, which are expected to rise 0.2 per cent, according to Standard & Poor's MMS, compared with 0.3 per cent the previous month.

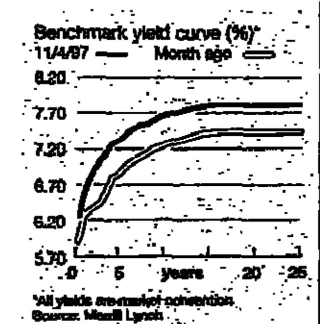
March housing starts on Wednesday will also be watched for signs of rising inflationary pressures. MMS expects a figure of 1.48m, against 1.53m in February. March industrial production is expected to be up 0.5 per cent, the same as February, while capacity utilisation is expected to be fractionally higher at 83.5 per cent.

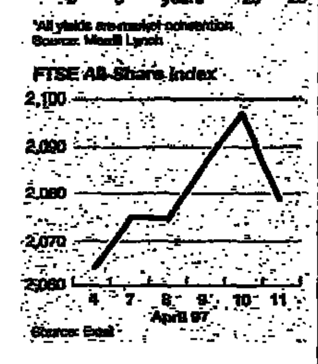
Any evidence of inflationary pressures will be used to confirm already firm expectations that the Federal Reserve is likely to raise interest rates again in the next month or so.

Most analysts are expecting a second ¼ point rise in interest rates at the next FOMC meeting on May 20, following the Fed's reversal of policy last month, though some think the rise could be as much as half a point.

Also on the calendar this week is a heavy crop of first-quarter earnings reports. Coca-Cola reports on Monday and Ameritech, Johnson & Johnson, Sun Microsystems, Eastman Kodak and GTE on Tuesday. Tuesday also sees a slew of bank results, including Banc One, Chase Manhattan, Corestates and Mellon.

LONDON By Steve Thompson





The build up of bullishness in London's equity market for much of last week, in contrast to a rather gloomy Wall Street, ran into the sand on Friday as US markets plunged on fears of emerging inflationary trends across the Atlantic.

Dealers in London fear the prospect of another rise in US interest rates will take the gloss off a long list of economic data due this week. There was widespread concern in London that rising US bond yields would put further pressure on UK gilts and equities.

The list of data includes producer prices, public sector borrowing, unemployment, average earnings, unit wage costs and inflation.

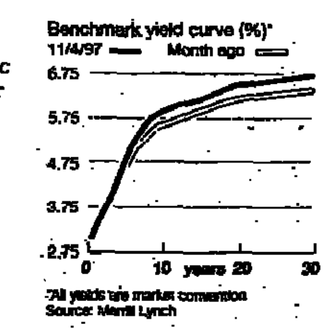
The inflation and unemployment news will be of crucial political importance with the general election less than three weeks away. Unemployment is expected to drop by around 60,000 and underlying inflation to have nudged higher by 0.4 per cent, for an annual figure of 2.8 per cent.

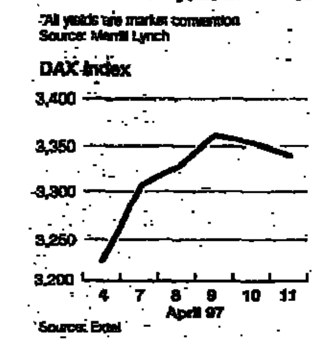
Company news this week is in short supply with only two FTSE 100 stocks reporting; Associated British Foods is due with interims on Monday and Lucas Varity reports preliminary results on Tuesday.

Gilts could not resist downward pressure on Friday; over the week the yield spread over 10-year German bunds widened by 8 basis points to 187 points.

Election influences came to the fore last week with a reported rift between Mr Tony Blair, Labour leader, and Mr Gordon Brown, shadow chancellor, over the scope of the proposed windfall profits tax on privatised utilities behind a shift in sentiment towards those stocks.

FRANKFURT By Andrew Fisher





German shares regained their equilibrium last week after unsettling US economic data. Volkswagen was a star performer as analysts predicted solid gains in the shares on the back of continued earnings improvement.

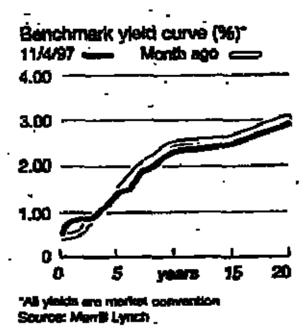
Motors were thus a lively exception to the market's otherwise staid showing. Having broken briefly through DM1,100 on Thursday, when its results were announced, VW remained strong on Friday for an advance of just over 9 per cent to DM1,072.50. The DAX blue chip index eased 0.3 per cent on Friday to 3,340.05 but was 3 per cent up on the week.

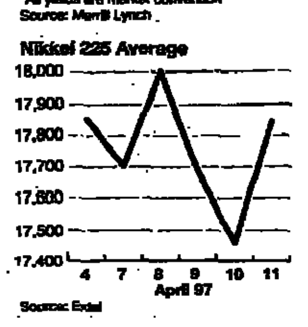
This week, it is Daimler-Benz's turn (on Wednesday) to outline progress. It has already announced a big improvement over the grim restructuring year of 1995. Bankgesellschaft Berlin will today give more details of its poor 1996 showing, dragged down by its loan book. On the new issue front, the BHW property finance group will today give details of its flotation which, could raise up to DM1.5bn.

Again, no interest rate changes are expected from Thursday's council meeting of the Bundesbank. It will, however, report its 1996 profits, which will make a small contribution to the federal budget gap. These are likely to be below the DM10.9bn of 1995 as a result of lower interest income.

On Tuesday, the European Monetary Institute publishes its annual report, which will describe preparations for the single currency and reinforce its exhortations to governments to keep their budgets and debt under control. The Bundesbank may also comment on Emu on Thursday.

TOKYO By Gwen Robinson





Concern about the economy, exchange rates and problems in the financial sector have weighed on the Tokyo stock market but it may soon benefit from turbulence in key equity markets elsewhere, according to a Merrill Lynch survey.

The survey, carried out by Gallup, of 41 institutions handling combined funds of $583bn, found a sharp increase in fund managers planning to invest in the Japanese equity market, particularly among domestic Japanese institutions, with buyers outnumbering sellers by 37 per cent.

But lagging sectors in the market are likely to stay depressed. In particular, banks, securities houses and construction companies were mentioned by Japanese respondents as their least favoured sectors. Among the most popular, electric machinery and precision instrument issues were favoured.

Export-oriented sectors were also popular, on expectations that the recent fall of the yen against the dollar would enhance their profits. For leading blue chips, the prospect of substantial exchange rate gains from dollar-denominated exports has off-set the impact of the April 1 increase in sales tax.

In the short-term, analysts expect the stock market to hover around 18,000, after sliding well below that in recent sessions.

The bond market, meanwhile, is likely to sustain its recent strength on further assurances that the Bank of Japan will hold interest rates at their current historic lows, and on the stock market's recent declines. At the same time, some investors are growing anxious that bond prices are precariously high.

COMMODITIES By Kenneth Gooding

Palladium pace may slacken

Palladium prices have been on a roller-coaster recently and the market has been in the grip of a vicious technical squeeze. The pace might slacken this week because Mr Vladimir Rybkin, head of the Russian finance ministry's precious metals section, says his government might sign a decree that would allow exports of all platinum group metals to start again in May.

Russia is the biggest producer of palladium, essential in some automotive catalysts and electronic equipment components. Yet it has exported virtually none this year so far. This has left some organisations in Japan, the biggest consumer, struggling to cope.

According to Mr Colin Griffith at Standard Bank, the South African group, liquidity in the palladium market dried up because early this year some organisations continued to take orders for metal that did not arrive from Russia.

More recently some speculators have been betting that Russian exports would start again and sold palladium they did not have in the expectation they could buy it later at a lower price and pocket the profit.

Mr Andy Smith, precious metals analyst with UBS in London, saw a 'distinct schism opening up between US and Far East/European perceptions of the direction palladium was heading.

"In the US there is a lot of speculative trading, whereas in the Far East and Europe – where there's a much calmer view prevailing – it's a much more physicals-based trading," he said.

Mr Keith Green, operations director, platinum, for Johnson Matthey, the world's biggest platinum group metals marketing group, said Russian exports had been delayed "for a surprisingly long time".

Initially the delay was undoubtedly caused by bureaucratic problems but now there were suspicions the Russians had other motives for withholding the metal. "But we have no doubt at all that Russia needs the money."

OTHER MARKETS Compiled by Jeffrey Brown

Leading bourses both regrouped and regained ground last week, but the uncertain outlook was vividly reflected in the paucity of turnover.

PARIS

French equities have appeared more settled in recent sessions, assisted by the dollar's continued upward progress on the foreign exchanges, the return of merger hopes and renewed investor focus on the outlook for earnings.

Some brokers have been urging clients to switch into France, where shares are "a lot cheaper and there is a better chance of both earnings and restructuring surprise", says BZW in its latest European Equity Strategy.

Broker consensus forecasts for French corporate earnings this year are 7 percentage points ahead of Germany at 22 per cent.

Daiwa Securities predicts "boom conditions in 1998" with the economy growing by 4 per cent after a 2.5 per cent increase in 1997.

This week's company events calendar starts with results today from SGS-Thomson, the chip maker with a big US following. The group warned of a tough first quarter. Some analysts expect earnings to be a third down on the final quarter of 1996.

Chemicals giant Rhône Poulenc hosts an analysts' meeting tomorrow.

A steep decline in profits is expected on Wednesday when Peugeot unveils its annual results.

Usinor Sacilor, the steel group which has formed strategic alliances with Siderurgica of Spain and recently incurred a warning on debt from Moody's Investors Service, produces finals results the following day.

AMSTERDAM

The Dutch stock market has been battling against rising bond yields which have increased to in the region of 2.2 times the return on shares, but a number of brokers are beginning to advise greater exposure after the recent setback.

Copier group Oce-van der Grinten provides this week's main results statement tomorrow.

Some Dutch analysts are enthusiastic about Thursday's annual meeting at Hagemeyer.

The company has recently been linked to possible deals with BolsWessanen, which is known to be contemplating a big foods takeover.

ZURICH

SMH will be hoping to give a boost to its flagging share price on Thursday when it gives motoring journalists a sneak preview of its Smart car – the tiny two seater being developed in a joint venture with Mercedes Benz – which goes on sale next spring.

Registered shares in the company, best known as the Swatch watch maker, have tumbled by 21 per cent since mid-February, when sharply lower than expected 1996 results left investors frustrated and disappointed.

Analysts, meanwhile, point out that the bearer shares, the traditional vehicle for foreign investors, have been trading at an increasingly large discount to the registered recently, prompting speculation that the company's majority shareholders may have been increasing their holdings in the registered.

Holderbank reports figures tomorrow and Novartis on Thursday. Sulzer and UBS host annual meetings on Thursday. Roche holds an analysts' meeting and press conference on the same day.

HONG KONG

The Hang Seng index closed 1.3 per cent higher at 12,516.50 on Friday to round off a week of steady recovery.

However, property shares continued to drag their heels, which suggested to analysts that the market would remain "stuck in a range around 12,500".

CURRENCIES By Simon Kuper

Japan could intervene to stop surge in dollar

This could be the week in which Japan starts selling dollars in the market, hoping to stop the US currency's surge.

For months Japanese officials have tried to talk the dollar down, with little success. Only intervention will impress traders now. Mr Hiroshi Mitsuzuka, finance minister, said last Thursday that Japan would deal "decisively" with the kind of excessive exchange rate moves seen this month.

The dollar gained about 4 per cent last week against the yen, closing in London on Friday at Y126.1. The market expects Japan to intervene when the dollar/yen rate rises to Y127 or Y128 – the level it was when Japan last intervened to support the yen, in August 1992.

With nearly $220bn in dollar reserves, Japan appears well equipped to support its currency. But some in the market question whether the country can succeed without the help of the US.

Mr Robert Rubin, US treasury secretary, is no fan of intervention, believing exchange rates should be determined by economic fundamentals.

However, the few yen bulls around will be looking to Mr Rubin for cheer this week. Last week he conceded that the weak yen might shoulder some of the blame for Japan's growing trade surplus with the US. If he makes more such noises this week, the market will take notice.

Economic data due this week could send the dollar rising to the levels at which Japan might step in. US consumer price inflation for March is forecast to rise sharply, pointing to another Fed interest rate increase in May. In Japan this week, the March customs trade surplus could fall year-on-year.

UK data should show declines in producer and retail price inflation, and in average earnings growth. But if unemployment also falls, then the market will continue to expect an interest rate rise soon after the general election of May 1.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Tomkins (UK)	Stant Corporation (US)	Auto components	$606m	Spare cash put to use
Allied Irish Banks (Ireland)	Wielkopolski Bank (Poland)	Banking	$74m	Taking majority stake
Royal & Sun Alliance (UK)	Prudential Vita (Italy)	Insurance	$74m	Pru exits Europe
RBS (UK)/Bank of Ireland (Ireland)	BNH Bancshares (US)	Banking	$57m	Citizens buys again
Siemens (Germany)	Parsons Power (UK)	Engineering	$48m	Global strategy move
Maybank (Malaysia)	PNB Republic Bank (Philippines)	Banking	$33m	Buyer seeks local presence
Gewiss (Italy)	Nowa Plast (Germany)	Cabling	$20m	Buying market access
Avocet Mining (UK)	Damar Consolidated (Malaysia)	Mining	$3.7m	Malaysian gold expansion

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, April 11, 1997. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	7718.51	4750.00	2755.08	3765.88
Albania	(Lek)	244.555	150.500	87.2919	119.312
Algeria	(Dinar)	94.9783	58.4500	33.9018	46.3374
Andorra	(French Fr)	9.4248	5.8000	3.3642	4.5981
	(Sp Peseta)	235.902	145.175	84.2058	115.090
Angola	(Readj Kwanza)	342051.7	210500.0	122092.7	166878.1
Antigua	(E Carib $)	4.3874	2.7000	1.5660	2.1405
Argentina	(Peso)	1.6242	0.9995	0.5797	0.7924
Armenia	(Dram)	762.134o	469.020	272.038	371.825
Aruba	(Florin)	2.9087	1.7900	1.0382	1.4191
Australia	(Aus $)	2.0670	1.2720	0.7378	1.0084
Austria	(Schilling)	19.7167	12.1337	7.0379	9.6192
Azerbaijan	(Manat)	6620.04o	4074.00	2362.97	3229.74
Azores	(Port Escudo)	280.060	172.350	99.9681	136.634
Bahamas	(Bahama $)	1.6250	1	0.5800	0.7928
Bahrain	(Dinar)	0.6126	0.3770	0.2187	0.2989
Balearic Is	(Sp Peseta)	235.902	145.175	84.2058	115.090
Bangladesh	(Taka)	70.9292	43.6500	25.3183	34.6044
Barbados	(Barb $)	3.2683	2.0113	1.1666	1.5945
Belarus	(Rouble)	55232.0o	33990.0	19714.6	26946.3
Belgium	(Belg Fr)	57.8157	35.5800	20.6375	28.2068
Belize	(B $)	3.2499	2.0000	1.1600	1.5855
Benin	(CFA Fr)	942.480	580.000	336.417	459.807
Bermuda	(Bermudian $)	1.6250	1	0.5800	0.7928
Bhutan	(Ngultrum)	58.2628	35.8550	20.7970	28.4248
Bolivia	(Boliviano)	8.5310	5.2500	3.0452	4.1620
Botswana	(Pula)	5.7627	3.5461	2.0568	2.8112
Brazil	(Real)	1.7208	1.0590	0.6142	0.8395
Brunei	(Brunei $)	2.3416	1.4410	0.8358	1.1424
Bulgaria	(Lev)	2486.17	1530.00	887.420	1212.94
Burkina Faso	(CFA Fr)	942.480	580.000	336.417	459.807
Burma	(Kyat)	10.2827	6.3280	3.6703	5.0167
Burundi	(Burundi Fr)	418.265	258.190	148.593	203.099
Cambodia	(Riel)	3737.38	2300.00	1334.03	1823.37
Cameroon	(CFA Fr)	942.480	580.000	336.417	459.807
Canada	(Canadian $)	2.2697	1.3968	0.8102	1.1073
Canary Is	(Sp Peseta)	235.902	145.175	84.2058	115.090
Cp. Verde	(CV Escudo)	141.119	86.8450	50.3712	68.8481
Cayman Is	(CI $)	1.3458	0.8282	0.4804	0.6566
Cent. Afr. Rep	(CFA Fr)	942.480	580.000	336.417	459.807
Chad	(CFA Fr)	942.480	580.000	336.417	459.807
Chile	(Chilean Peso)	681.088	419.150	243.119	332.290
China	(Yuan)	13.4821	8.2969	4.8124	6.5775
Colombia	(Col Peso)	1720.42	1058.75	614.108	839.345
Comoros	(Fr)	705.244	434.010	251.731	344.070
Congo	(CFA Fr)	942.480	580.000	336.417	459.807
Costa Rica	(Colon)	368.993	227.080	131.709	180.022
Côte d'Ivoire	(CFA Fr)	942.480	580.000	336.417	459.807
Croatia	(Kuna)	9.9614	6.1303	3.5558	4.8599
Cuba	(Cuban Peso)(1)	30.8740	19.0000	11.0202	15.0626
Cyprus	(Cyprus £)	0.8335	0.5130	0.2975	0.4067
Czech Rep.	(Koruna)	48.5800	29.8940	17.3336	23.6911
Denmark	(Danish Krone)	10.6706	6.5667	3.8089	5.2059
Djibouti Rep	(Djib Fr)	263.242	162.000	93.9621	128.429
Dominica	(E Carib $)	4.3874	2.7000	1.5660	2.1405
Dominican Rep	(D Peso)	22.9037	14.0950	8.1753	11.1741
Ecuador	(Sucre)	6205.68o	3819.00	2215.07	3027.58
	(Sucre)	6036.68a	3715.00	2154.75	2945.14
Egypt	(Egyptian £)	5.5186	3.3962	1.9702	2.6928
El Salvador	(Colon)	14.2264	8.7550	5.0780	6.9407
Equat'l Guinea	(CFA Fr)	942.480	580.000	336.417	459.807
Estonia	(Kroon)	22.4146	13.7940	8.0007	10.9355
Ethiopia	(Ethiopian Birr)	10.4371	6.4230	3.7254	5.0920
Falkland Is	(Falk £)	1	0.6154	0.3570	0.4879
Faroe Is	(Danish Krone)	10.6706	6.5667	3.8089	5.2059
Fiji Is	(Fiji $)	2.2919	1.4105	0.8181	1.1182
Finland	(Markka)	8.3687	5.1501	2.9872	4.0828
France	(Fr)	9.4248	5.8000	3.3642	4.5981
Fr. Cty/Africa	(CFA Fr)	942.480	580.000	336.417	459.807
Fr. Guiana	(Local Fr)	9.4248	5.8000	3.3642	4.5981
Fr. Pacific Is	(CFP Fr)	170.988	105.214	61.0256	83.4107
Gabon	(CFA Fr)	942.480	580.000	336.417	459.807
Gambia	(Dalasi)	16.0748	9.8925	5.7379	7.8425
Germany	(D-Mark)	2.8015	1.7241	1	1.3668
Ghana	(Cedi)	3087.40	1900.00	1102.02	1506.26
Gibraltar	(Gib £)	1	0.6154	0.3570	0.4879
Greece	(Drachma)	440.540	271.110	157.252	214.928
Greenland	(Danish Krone)	10.6706	6.5667	3.8089	5.2059
Grenada	(E Carib $)	4.3874	2.7000	1.5660	2.1405
Guadeloupe	(Local Fr)	9.4248	5.8000	3.3642	4.5981
Guam	(US $)	1.6250	1	0.5800	0.7928
Guatemala	(Quetzal)	8.1439	5.0118	2.9069	3.9732
Guinea	(Fr)	1739.91	1070.75	621.049	848.858
Guinea-Bissau	(Peso)	56873.2	35000.0	20300.4	27745.9
Guyana	(Guyanese $)	229.280	141.100	81.8396	111.860
Haiti	(Gourde)	27.2069	16.7432	9.7113	13.2735
Honduras	(Lempira)	20.7344	12.7600	7.4010	10.1159
Hong Kong	(HK $)	12.5817	7.7490	4.4946	6.1432
Hungary	(Forint)	293.360	180.535	104.716	143.123
Iceland	(Icelandic Krona)	116.216	71.5200	41.4825	56.6989
India	(Indian Rupee)	58.2626	35.8550	20.7970	28.4248
Indonesia	(Rupiah)	3909.22	2405.75	1395.41	1907.21
Iran	(Rial)	4874.85u	3000.00	1740.04	2378.31
Iraq	(Iraqi Dinar)	0.5052o	0.3109	0.1803	0.2465
Iraq	(Iraqi Dinar)	1949.94m	1200.00	696.016	951.324
Irish Rep	(Punt)	1.0504	0.6464	0.3749	0.5124
Israel	(Shekel)	5.5215	3.3979	1.9709	2.6938
Italy	(Lira)	2760.08	1698.56	985.209	1346.56
Jamaica	(Jamaican $)	55.5733	34.2000	19.8364	27.1127
Japan	(Yen)	204.971	126.140	73.1649	100
Jordan	(Jordanian Dinar)	1.1521	0.7090	0.4112	0.5621
Kazakhstan	(Tenge)	122.765	75.5500	43.8200	59.8938
Kenya	(Kenya Shilling)	88.4866	54.4550	31.5846	43.1703
Kiribati	(Australian $)	2.0670	1.2720	0.7378	1.0084
Korea North	(Won)	3.4937	2.1500	1.2470	1.7045
Korea South	(Won)	1451.08	893.000	517.366	707.944
Kuwait	(Kuwaiti Dinar)	0.4941	0.3041	0.1764	0.2411
Laos	(New Kip)	1561.59	961.000	557.392	761.852
Latvia	(Lat)	0.9496	0.5844	0.3389	0.4633
Lebanon	(Lebanese £)	2510.14	1544.75	896.001	1224.63
Lesotho	(Maluti)	7.2294	4.4490	2.5805	3.5270
Liberia	(Liberian $)	1.6250	1	0.5800	0.7928
Libya	(Libyan Dinar)	0.5777	0.3555	0.2062	0.2818
Liechtenstein	(Swiss Fr)	2.3853	1.4678	0.8514	1.1637
Lithuania	(Litas)	6.4998	4.0000	2.3201	3.1711
Luxembourg	(Lux Fr)	57.8157	35.5800	20.6375	28.2068
Macao	(Pataca)	13.0084	8.0054	4.6432	6.3464
Macedonia	(Denar)	74.2878	45.7170	26.5164	36.2431
Madagascar	(MG Fr)	7068.53	4350.00	2523.08	3448.55
Madeira	(Port Escudo)	280.060	172.350	99.9681	136.634
Malawi	(Kwacha)	24.9186	15.3350	8.8945	12.1571
Malaysia	(Ringgit)	4.0705	2.5050	1.4530	1.9859
Maldive Is	(Rufiyaa)	19.1257	11.7700	6.8268	9.3309
Mali Rep	(CFA Fr)	942.480	580.000	336.417	459.807
Malta	(Maltese Lira)	0.6264	0.3855	0.2236	0.3056
Martinique	(Local Fr)	9.4248	5.8000	3.3642	4.5981
Mauritania	(Ouguiya)	235.553	144.960	84.0787	114.920
Mauritius	(Maur Rupee)	33.1896	20.4250	11.8471	16.1923
Mexico	(Mexican Peso)	12.8712	7.9210	4.5944	6.2795
Moldova	(Leu)	7.4829	4.6050	2.6710	3.6507
Monaco	(French Fr)	9.4248	5.8000	3.3642	4.5981
Mongolia	(Tugrik)	758.316	466.670	270.675	369.962
Montserrat	(E Carib $)	4.3874	2.7000	1.5660	2.1405
Morocco	(Dirham)	15.4037	9.4795	5.4982	7.5151
Mozambique	(Metical)	18240.1	11225.0	6510.64	8898.84
Namibia	(S A Rand)	7.2294	4.4490	2.5806	3.5270
Nauru Is	(Australian $)	2.0670	1.2720	0.7378	1.0084
Nepal	(Nepalese Rupee)	92.5409	56.9500	33.0317	45.1483
Netherlands	(Guilder)	3.1494	1.9382	1.1242	1.5365
N'nd Antilles	(A/Guilder)	2.9087	1.7900	1.0382	1.4191
New Zealand	(NZ $)	2.3403	1.4402	0.8354	1.1417
Nicaragua	(Gold Cordoba)	14.9578	9.2051	5.3391	7.2975
Niger Rep	(CFA Fr)	942.480	580.000	336.417	459.807
Nigeria	(Naira)	35.5635o	21.8860	12.6942	17.3505
	(Naira)	137.568m	84.6600	49.1053	67.1159
Norway	(Nor. Krone)	11.3316	6.9736	4.0449	5.5285
Oman	(Rial Omani)	0.6258	0.3850	0.2233	0.3052
Pakistan	(Pak. Rupee)(2)	65.1279	40.0799	23.2475	31.7741
Panama	(Balboa)	1.6250	1	0.5800	0.7928
Papua New Guinea	(Kina)	2.2569	1.3889	0.8056	1.1011
Paraguay	(Guarani)	3490.39	2148.00	1245.87	1702.87
Peru	(New Sol)	4.3200	2.6585	1.5420	2.1076
Philippines	(Peso)	42.8386	26.3630	15.2913	20.8998
Pitcairn Is	(£ Sterling)	1	0.6154	0.3570	0.4879
	(NZ $)	2.3403	1.4402	0.8354	1.1417
Poland	(Zloty)	5.0715	3.1210	1.8103	2.4742
Portugal	(Escudo)	280.060	172.350	99.9681	136.634
Puerto Rico	(US $)	1.6250	1	0.5800	0.7928
Qatar	(Riyal)	5.9154	3.6404	2.1115	2.8860
Reunion Is. de la	(F/Fr)	9.4248	5.8000	3.3642	4.5981
Romania	(Leu)	11211.3	6899.50	4001.80	5469.72
Russia	(Rouble)	9339.40m	5747.50	3333.72	4556.45
Rwanda	(Fr)	487.257	299.860	173.929	237.720
St Christopher	(E Carib $)	4.3874	2.7000	1.5660	2.1405
St Helena	(£)	1	0.6154	0.3570	0.4879
St Lucia	(E Carib $)	4.3874	2.7000	1.5660	2.1405
St Pierre & Miquelon	(F/Fr)	9.4248	5.8000	3.3642	4.5981
St Vincent	(E Carib $)	4.3874	2.7000	1.5660	2.1405
San Marino	(Italian Lira)	2760.08	1698.55	985.209	1346.56
Sao Tome	(Dobra)	3875.71	2385.13	1383.41	1890.85
Saudi Arabia	(Riyal)	6.0943	3.7505	2.1754	2.9732
Senegal	(CFA Fr)	942.480	580.000	336.417	459.807
Seychelles	(Rupee)	8.1410	5.0100	2.9059	3.9718
Sierra Leone	(Leone)	1267.48	780.000	452.410	618.361
Singapore	($)	2.3416	1.4410	0.8358	1.1424
Slovakia	(Koruna)	54.3107	33.4230	19.3863	26.4967
Slovenia	(Tolar)	254.189	156.435	90.7342	124.017
Solomon Is	($)	5.9090	3.6364	2.1092	2.8828
Somali Rep	(Shilling)	4257.37	2620.00	1519.63	2077.06
South Africa	(Rand)	7.2294	4.4490	2.5806	3.5270
Spain	(Peseta)	235.902	145.175	84.2058	115.090
Spanish Ports in N Africa	(Sp Peseta)	235.902	145.175	84.2058	115.090
Sri Lanka	(Rupee)	95.5958	58.8300	34.1231	46.6387
Sudan Rep	(Dinar)	239.055	148.500	84.9719	116.141
Surinam	(Guilder)	651.605	401.000	232.585	317.901
Swaziland	(Lilangeni)	7.2294	4.4490	2.5806	3.5270
Sweden	(Krona)	12.4649	7.6694	4.4501	6.0955
Switzerland	(Fr)	2.3853	1.4679	0.8514	1.1637
Syria	(£)	68.0041	41.8500	24.2735	33.1774
Taiwan	($)	44.8649	27.6100	16.0146	21.8884
Tanzania	(Shilling)	976.269	600.800	348.472	476.296
Thailand	(Baht)	42.3868	26.0850	15.1301	20.6794
Togo Rep	(CFA Fr)	942.480	580.000	336.417	459.807
Tonga Is	(Pa'anga)	2.0670	1.2720	0.7378	1.0084
Trinidad/Tobago	($)	10.1169	6.2260	3.6112	4.9358
Tunisia	(Dinar)	1.7704	1.0895	0.6319	0.8637
Turkey	(Lira)	214347.2	131910.0	76511.7	104574.3
Turks & Caicos	(US $)	1.6250	1	0.5800	0.7928
Tuvalu	(Australian $)	2.0670	1.2720	0.7378	1.0084
Uganda	(New Shilling)	1665.57	1025.00	594.513	812.589
Ukraine	(Hryvnia)	2.8702	1.7663	1.0245	1.4003
U A E	(Dirham)	5.9676	3.6725	2.1302	2.9114
United Kingdom	(£)	1	0.6154	0.3570	0.4879
United States	(US $)	1.6250	1	0.5800	0.7928
Uruguay	(Peso Uruguayo)	14.8927	9.1650	5.3158	7.2657
Vanuatu	(Vatu)	183.587	112.980	65.5317	89.5671
Vatican	(Lira)	2760.08	1698.55	985.209	1346.56
Venezuela	(Bolivar)	776.485r	477.850	277.167	378.825
Vietnam	(Dong)	18933.1	11651.5	6758.02	9236.96
Virgin Is-British	(US $)	1.6250	1	0.5800	0.7928
Virgin Is-US	(US $)	1.6250	1	0.5800	0.7928
Western Samoa	(Tala)	4.0006	2.4620	1.4280	1.9518
Yemen (Rep of)	(Rial)	201.640r	124.090	71.9738	98.3746
Yugoslavia	(New Dinar)	8.9541	5.5104	3.1961	4.3685
Zaire Rep	(Zaire)	254710.7	156750.0	90917.0	124266.7
Zambia	(Kwacha)	2101.06	1293.00	749.957	1025.05
Zimbabwe	($)	18.3457	11.2900	6.5485	8.9504
ECU	(ECU)	1.4344	0.8827	0.5120	0.6998
SDR	(SDR)	1.18561	0.730310	0.424300	0.575726

Abbreviations: (a) Free rate; (m) Market rate; (o) Official rate; (r) Parallel rate (t) Tourist rate (u) Currency fixed against the US Dollar (v) Floating rate (1) Market rate now shown for Cuba (2) Pakistan Rupee devalued by 7.86pc against US dollar 22/10/96; FT enquiries to Business Research Centre 0171 256 5150. Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 0171 634 4365.
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Friday, April 11, 1997

MARKETS: This Week

EMERGING MARKETS By Justin Marozzi

Thai spectre haunts Manila

The recent turbulence at the Philippine Stock Exchange, whose president Mr Vitaliano Nañagas was ousted from office in March only five months after taking up the post, has been mirrored in the volatility of the market, as brokers contend with fears of a Thailand-style downturn in the property and banking sectors.

The three-month bull run that took Manila to a record 3,447 on February 3 came on the back of funds switching from Thailand and other less attractive markets, with international investors – lured by improved credit ratings and strong outperformance – going overweight.

On Tuesday, capping a six-day downturn, the market fell 2.7 per cent to a six-month low of 2,909, led by property, which lost more than 5 per cent, and banking, which shed 2.4 per cent. By the close on Friday, with brokers talking of value emerging from an oversold situation, the market had rebounded to 2,976 but was still 13.6 per cent below its February peak.

The spectre of Thailand has been lurking at least since December, when an HG Asia report on local banking suggested a parallel between the Philippines and its closest economic cousin. "Watch out for traces of *Thailand in Philippine* banks!" it warned.

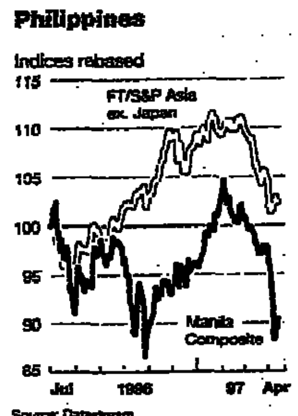
Investors' nerves have since been stretched by a series of negative corporate announcements. In March, in a move still being felt across the local banking system, Victorias Milling, the sugar miller, declared itself unable to pay debts totalling 4.4bn pesos ($168m).

The announcement increased jitters over the quality of banks' loan portfolios and redoubled worries over their exposure to the property sector. Last week, following rumours the company's president had fled the country amid serious cash-flow problems, shares in *Megaworld, the local property* group, were buffeted, losing as much as 11 per cent in intra-day trading. With the banking and property sectors together representing about 40 per cent of the Manila index, downward pressures have been keen.

Analysts who dispute the parallel with Thailand point to the Philippines' generally sound economic fundamentals beyond the rising trade deficit, the one obvious area of concern; three consecutive budget surpluses; a comfortable level of debt service as a percentage of exports; stable exchange rates; and foreign reserves at a record $12.4bn.

Mr Lorne Yawney, head of research at BZW in Manila, argues the comparison with Thailand is premature.

"The property sector in *Thailand was in a lot of trouble* for a long time. Aggressive finance companies were forced to borrow from the short-term interbank market for higher return higher risk ventures. Now, although the Philippine property sector needs to be monitored, it's not in that league yet," said Mr Yawney.



Source: Datastream

ING BARING SECURITIES EMERGING MARKETS INDICES

Index	11/04/97	Week on week movement Actual	Week on week movement Percent	Month on month movement Actual	Month on month movement Percent	Year to date movement Actual	Year to date movement Percent
World (449)	175.07	+1.86	+1.07	−3.85	−2.15	+14.96	+9.34
Latin America							
Argentina (22)	114.17	−0.72	−0.63	−6.14	−5.10	+7.04	+6.57
Brazil (24)	342.58	+14.74	+4.49	+2.56	+0.75	+81.55	+31.24
Chile (16)	193.16	+0.76	+0.40	−2.13	−1.09	+30.71	+18.90
Colombia (13)	234.93	+13.37	+6.03	+17.06	+7.83	+61.24	+35.26
Mexico (27)	92.69	+1.59	+1.75	−1.14	−1.21	+11.02	+13.49
Peru (12)	1,240.10	+46.75	+3.92	+24.67	+2.03	+232.68	+23.12
Venezuela (6)	61.55	+1.57	+2.61	+1.81	+3.04	−0.63	−1.01
Latin America (119)	173.79	+4.57	+2.70	−0.82	−0.47	+30.29	+21.11
Europe							
Czech Rep.(14)	98.19	−2.19	−2.18	−8.72	−8.16	−6.09	−5.84
Greece (20)	163.81	−1.44	−0.87	+12.92	+8.57	+51.51	+45.86
Poland (25)	341.89	+6.26	+1.87	−39.57	−10.37	−1.86	−0.54
Portugal (18)	161.86	−0.54	−0.34	−7.61	−4.49	+15.71	+10.74
South Africa (30)	144.73	−0.26	−0.18	−3.14	−2.13	+14.84	+11.43
Turkey (27)	156.25	−11.96	−7.11	−1.36	−0.86	+31.20	+24.96
Europe (134	133.87	−1.28	−0.95	−3.07	−2.24	+15.53	+13.13
Asia							
China (27)	57.28	+3.14	+5.80	+0.91	+1.61	+0.80	+1.41
Indonesia (30)	146.90	+0.16	+0.11	−14.95	−9.24	−9.53	−6.09
Korea (23)	82.26	+0.01	+0.01	+6.23	+8.19	+1.06	+1.29
Malaysia (24)	250.37	−3.71	−1.46	−26.53	−9.56	−30.05	−10.72
Pakistan (13)	67.67	−2.77	−3.92	−1.79	−2.57	+9.42	+16.11
Philippines (18)	292.84	−8.51	−2.62	−29.52	−9.16	−20.95	−6.68
Taiwan (31)	207.43	+6.48	+3.22	+2.35	+1.14	+21.99	+11.86
Thailand (29)	137.26	−0.44	−0.32	+1.58	+1.16	−17.90	−11.53
Asia (193)	212.50	+0.82	+0.39	−8.47	−3.83	−5.07	−2.33

All indices in $ terms. January 7th 1992=100. Source: ING Baring Securities.

INTERNATIONAL BONDS By Mark Hubbard

Egypt plans $1bn issue to retire debt

Egypt plans to issue $1bn of sovereign bonds next month to retire a large proportion of its short-term commercial bank debt. A quarter will be denominated in US dollars, and the rest in Egyptian pounds, said Mr Moheiddin Elghareeb, finance minister.

Proceeds from the bonds, which will have maturities of between three and five years, will be used to retire debt in Egyptian pounds.

The move is an important *step* towards Egypt's full entry into the international financial market.

The dollar bonds will carry Egypt's sovereign credit rating (BBB− by Standard & Poor's and Ba2 by Moody's for long term foreign currency debt). At least one Japanese rating agency is believed to be assessing *Egypt*, as the country seeks to raise its profile among Far Eastern investors.

"I need to set a sovereign benchmark. If I can get [financing costs of] Libor plus 60 basis points, then non-sovereigns could probably get Libor plus 100," said Mr Yousef Boutros Ghali, minister of state for economic affairs. "And we need a volume that's big enough to make a statement. I don't need the money. I'm doing it to establish a benchmark in international capital markets."

Debate within the government has centred on the denomination of the planned issues, but the decision to issue in both dollars and Egyptian pounds was unanimous, with considerations heavily influenced by the need to emphasise the stability of the pound.

"Do I float securities in the foreign market, or do I register my securities here?" asked Mr Boutros Ghali. "I want to do the latter. If we float a domestic currency issue abroad, we are saying that we have a good product, but a lousy market."

The restructuring of public debt (E£125bn ($36.8bn), or 57 per cent of GDP according to the IMF) has been central to Mr Elghareeb's term as finance minister.

He insists that proceeds from the bond issues will not be used to finance deficits. Instead, debt reduction is intended in the long term to allow increased state investment in health and education. The current focus on domestic debt reduction falls within a longer-term strategy of establishing benchmark bonds with maturities *of seven to 10 years.*

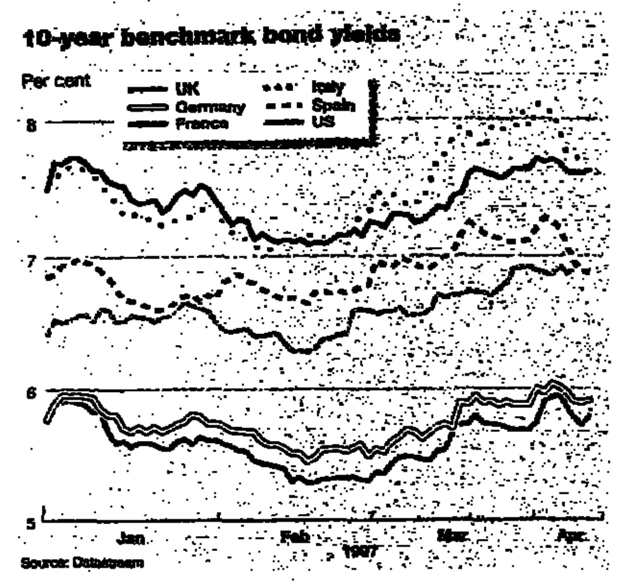
● ANZ Emerging Markets Fund Management has raised an initial $110m for its local currency debt fund launched on March 10, writes Samer Iskandar.

"Local currency debt is often overlooked in emerging markets investment, but is becoming an increasingly *important asset class,"* said Mr Jerome Booth, head of emerging markets research at ANZ Investment Bank.

"It offers returns frequently in excess of those available in the developed world and has enough diversification to ensure that a problem with one currency does not significantly affect the portfolio."

Local currency debt in the emerging markets outperformed traded external debt instruments in the first *quarter. Money market* instruments in local currency showed a positive performance of 1.29 per cent in March, while international debt instruments fell by 3.61 per cent, according to emerging market indices published by J.P.Morgan, the US bank.

10-year benchmark bond yields



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.00	0.50	2.50	3.10	6.75	6.00
Overnight	n/a	n/a	3.05	3.12	6.90	n/a
Three month	5.31	0.40	3.12	3.22	7.01	6.25
One year	6.03	0.56	3.29	3.37	6.71	6.75
Five year	6.87	1.46	4.74	4.84	7.20	7.35
Ten year	6.99	2.34	5.96	5.82	7.72	7.67

(1) France-intervention rate. (2) UK-Base rate. Source: Reuters.

BOOK REVIEW By Richard Lapper

Guide shows trends in emerging markets

One of the biggest difficulties facing investors in the emerging markets is the diversity of the countries in what were once known as the second and third worlds. For investors seeking a way to compare and contrast these markets, a guide by the Union Bank of Switzerland published last week could prove to be useful.

The guide provides comprehensive data on the politics, economics and – perhaps most importantly – the stock and bond markets of 50 countries ranging from Mexico and Malaysia to Latvia and Uzbekistan.

Introductory chapters underline the general trends which help explain the increased investor interest in these markets, which are growing consistently faster than those of developed countries. Since 1970, developing countries' share of world output has increased from 36 per cent to about 50 per cent and is set to reach over 60 per cent by 2020.

The economic performance of most markets has *improved markedly* in the last 10 years. Although about a dozen countries face rising inflation, prices have increased at a slower rate in most emerging markets.

Public finances have been brought under control in most countries, with the average fiscal deficit down to about 2.5 per cent of GDP, and growing prosperity is reducing debt service.

And although the current account deficit is expected to widen from an average of 1.3 per cent in 1995 to 2 per cent in 1998, UBS argues that as long as these deficits are mainly attributable to the import of investment goods, they "may persist over an *extended period* without causing concern".

Stable political regimes are also becoming more common in emerging markets.

All this has been reflected in a gradual improvement in credit ratings, with 22 of the 50 countries rated investment grade by credit rating agencies and a sharp increase in net inflows of capital from $10bn in 1970 to about $200bn at present.

For brief periods the returns offered to investors by these different markets have been closely correlated. For example, the Mexican currency crisis in December 1994 sparked a general flight of capital from Latin America and Asia, while more recently emerging markets have tended to benefit from the increased appetite of institutional investors for higher yields.

Nonetheless – as the separate country sections make clear – conditions in the individual emerging markets vary sharply. Indeed the book points out that the correlation between markets has been "stable at insignificant levels" for the last four years. "As long as this correlation remains at the current low levels, country selection remains the key factor in relative performance, and should be of primary concern to the emerging market *investor," says the guide.*

The UBS Guide to the Emerging Markets Price published by Bloomsbury Publishing.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book-runner
US DOLLARS							
Dowa Mining Co(a)¢	50	Apr 2001	4.625	100.00	-	-	Nikko Europe
Helaba International Finance	500	Apr 2002	6.875	99.693R	6.950	+10(6⅝%Mar02)	ABN Amro/Nikko
BNG	300	May 3000	6.625	99.633R	6.688	+25(5⅞%Feb00)	ABN Amro/Nomura Intl
Minnesota Mining & Manuf	250	Apr 2001	6.625	99.65R	6.728	+6(5⅞%Feb00)	SBC Warburg
Fed Home Loan Mtg Corp(b)	200	Apr 2007	7.10‡	100.092R	7.087	+22(6¼Feb07)	Goldman/JP Morgan
United Parcel Services	200	Apr 2001	6.625	99.678R	6.719	+5(5⅞%Feb00)	CSFB
Westdeutsche Landesbank	200	May 2000	6.75	100.00R	6.750	+8(5⅞%Feb00)	Merrill/West Merchant
Beta Finance	200	Apr 2000	6.75	99.91R	6.784	+12(5⅞Feb00)	Deutsche Morgan G'fell
British Telecommunications	1bn	Apr 2002	6.75	99.05R	6.982	+15(6⅝Mar02)	Merrill/SBC Warburg
TARGT, 97-A, Class A(d)‡	723	Apr 2002	6.45	99.9680R	6.671	+31(6⅛Aug98)	CSFB/Lehman Brothers
Sigma Finance	400	Apr 2002	7.00	99.82R	7.044	+18(6⅝Mar02)	Salomon/SBC Warburg
Bank of China(g)‡	300	Apr 2004	(f1)	99.80R	-	-	Morgan Stanley Intl
Deutsche Bank Finance(s)	250	Dec 1999	6.50	99.75R	6.624	+10(6¼Mar99)	Deutsche Morgan G'fell
Crédit Local de France(s)	200	Dec 2002	7.00	99.77R	7.06	+19(6⅝Mar02)	CIBC Wood Gundy
SBC Jersey(k)§	200	Apr 2001	1.75	94.375	-	-	SBC Warburg
LVMH	200	May 2000	6.75	99.88R	6.796	+12(5⅞Feb00)	BNP, London/CSFB
City of New York(m)‡	50	Aug 2002	(m1)	99.91R	-	-	Goldman Sachs Intl
Baden-Württemberg L-Fin	500	Apr 2002	7.00	100.117R	6.971	+10(6⅝Mar02)	Goldman/M Stanley
Fed National Mtg Assoc(p,l)	500	Apr 2002	7.12‡	100.00R	7.12	+34(6⅝Mar02)	Merrill/Morgan Stanley
SüdwestLB Capital Mkts(q)	150	May 2002	7.25	100.10R	7.225	+33(6⅝Mar02)	Morgan Stanley Intl
Hamburgishe LB(r)§	100	May 2002	3.25	100.00	-	-	Salomon Brothers Intl
Banco Itau	100	Apr 2000	8.25‡	99.98R	8.258	+169(5⅞%-00)	UBS
Asset Backed Capital	200	May 2000	6.875	100.046R	6.858	+15(5⅞Feb00)	CSFB
Banco de Credito Argentino	150	Apr 2000	9.50‡	100.00R	9.500	+283(5⅞%-00)	JP Morgan Securities
D-MARKS							
LW Rentenbank(s)	300	Dec 2001	4.75	99.78R	4.81	+10(5¼Nov01)	Rabobank International
GECC(s)	250	Dec 2003	5.25	99.72R	5.307	+3(6%Sep03)	Deutsche Morgan G'fell
DSL Finance	250	May 2002	5.00	100.20R	4.954	+24(5¼Nov01)	SBCW/Société Générale
SüdwestLB Capital Mkts(s)	300	Dec 2003	5.25	99.57R	5.335	+8(6%Sep03)	Rabobank International
European Investment Bank	300	May 2002	4.75	99.95R	4.761	+10(5¼Nov01)	BayerVB/SBC Warburg
BMW Australia Finance	200	May 2002	4.875	99.62R	4.963	+12(8%Jan02)	Deutsche Morgan G'fell
LB Rheinland-Pfalz Fin(s)	300	Dec 2002	5.125	99.931R	5.146	+2(7⅛%Dec02)	ABN Amro Hoare Govett
DePfa Bank	300	May 2002	4.875	99.472R	4.997	+12(4¼Nov01)	WestLB
Gebenl International(t,s)	157.5	Apr 2007	10⅛‡	100.00	-	-	Merrill Lynch Cap Mkts
YEN							
New Frontier(u)	20bn	Jun 2000	5.32‡	100.00	-	-	Kokusai Europe
Western Australian Tsy(w)★	12bn	May 2000	6.05‡	100.00	-	-	IBJ Intl/New Japan
STERLING							
Korea Development Bank‡	150	May 2000	(c)	99.951	-	-	BZW
Northern Rock B/S‡	50	Apr 2000	(d)	100.125	-	-	Merrill Lynch Intl
Halifax B/S(f)‡	200	Apr 2012	(f1)	99.80R	-	-	SBC Warburg
C'wealth Ox Bk of Australia	100	Apr 2000	7.375	99.87R	7.425	+27(6%Aug99)	Salomon Brothers Intl
FRENCH FRANCS							
JFM	1bn	May 2007	5.875	99.831R	5.925	+12(1)	IBJ France/Paribas
SWISS FRANCS							
European Inv'ment Bank(s)	150	Dec 2002	3.00	101.75	-	-	Banque Paribas(Suisse)
Niederoest Landes-& Hypo	100	May 2001	3.00	102.625	2.305	-	SBC Warburg
ITALIAN LIRE							
Autostrade(e)‡	500bn	May 2002	(e1)	100.00R	-	-	Credito Italiano
World Bank(g)	150bn	May 2002	7.45	99.95R	-	-	Credito Italiano
GUILDERS							
Ned Waterschapsbank(s)	250	Dec 2002	5.125	99.78R	5.177	+10(5¾Sep02)	ABN Amro Hoare Govett
AUSTRALIAN DOLLARS							
KfW International Finance	100	May 2001	7.375	101.583	6.906	-	ABN Amro Hoare Govett
LUXEMBOURG FRANCS							
Bacob Overseas	2bn	May 2003	(v)	101.90	5.02	-	Bacob Bank Lux
EURO							
Carinvest(n,s)	60	Dec 2002	5.50	101.25	5.24	-	BIL
PESETAS							
KfW International Finance	10bn	Apr 2002	5.75	100.61	5.607	-	BSN/UBS
CANADIAN DOLLARS							
Toronto-Dominion Bank	200	May 2002	6.625	99.59R	6.724	+37(7%Sep01)	Toronto Dominion Bank
DANISH KRONER							
De NIB(s)	400	Dec 2002	5.875	102.00	5.46	-	Bank Brussels Lambert
Deutsche Bank Finance	400	May 2005	(x)	101.68	-	-	DMG/Kreditbank
NEW ZEALAND DOLLARS							
World Bank	100	May 2000	8.25	101.025	7.853	-	Hambros Bank
AUSTRIAN SCHILLINGS							
Republic of Argentina(s)	1bn	Mar 2004	7.00	98.625R	7.256	+183(5⅞%-04)	Creditanstalt
KOREAN WON							
World Bank(y)	23.5bn	Apr 2002	9.80‡	100.00	9.800	-	Daewoo Securities

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. ¢With equity warrants. ★Undated. ‡Semi-annual coupon and yield. R: fixed re-offer price. a) Denom: $10,000 +2 wrts. Ex price: Y395. FX: 126.75Y/$. b) $800m launched 2/4/97 was increased to $1bn. c) 3-mth Libor +12½bp. d) 6-mth Libor +50bp; interest accrues when Libor is below 8.2/9.2/10.2% in yrs 1-3. Minimum coupons in yrs 1-3: 2/3/4%. e) Callable in May 00 & 01 at par. e1) 3-mth Libor +20bp. f) Callable in Apr 07 at par. f1) 3-mth Libor +25bp to Apr 07, then +125bp. g) Callable on 20/5/98 at par. h) Toyota Auto Receivables Grantor Trust. Monthly coupons. Average life: 1.3 yrs. Plus 2 days accrued. h1) Class B: $21m, 1.3 yrs, 6.6%, 99.980818%. h2) Class C: $11m, 1.3 yrs, 6.80%, 99.992572%. ‡ Over interpolated yield. ‡ Callable from Apr 02 at par. (l) 6-mth Libor +37½bp. k) Exchangeable into basket of European life sciences stocks (Roche, Novartis, Glaxo Wellcome, SmithKline Beecham, Zeneca) at initial 20% premium. Callable from 30/4/99 at par. l) Long 1st coupon. m) Fungible with $300m. Plus 86 days accrued. Issue amortises. m1) 3-mth Libor +25bp. n) Pays in Ecu prior to Emu. o) Fungible with Sch1.5bn. Plus 42 days accrued. p) Callable on 18/4/99 at par. q) Callable on 21/5/99 at par. r) Exchangeable into Veba shares at DM111.6, FX: 1.716DM/$. s) Callable from 8/5/00 at par. t) Short 1st coupon. t) Callable from 15/4/02 at 105.062% falling to par. u) Redeemed in US$. v) 4% to 30/5/00, then 7%. w) Redeemed in A$. x) 5% to 27/5/01, then 8%. y) International tranche of Won94bn deal. Note: Yields are calculated on ISMA basis.

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Apr 11		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.7167	+0.0923	068 - 267	19.7267	19.6071	19.6792	2.6	19.6167	2.0	-	-	103.3
Belgium	(BFr)	57.8157	+0.2657	672 - 642	57.8642	57.5000	57.6907	2.6	57.4307	2.7	56.1057	3.0	103.1
Denmark	(DKr)	10.6706	+0.0425	660 - 751	10.6751	10.6182	10.6486	2.5	10.6051	2.5	10.3951	2.6	105.5
Finland	(FM)	8.3687	+0.0328	607 - 767	8.3767	8.3270	-	-	-	-	-	-	82.9
France	(FFr)	9.4248	+0.0385	197 - 298	9.4324	9.3767	9.4026	2.8	9.359	2.8	9.1419	3.0	106.1
Germany	(DM)	2.8015	+0.0131	002 - 028	2.8033	2.7886	2.7948	2.8	2.7813	2.9	2.7146	3.1	104.6
Greece	(Dr)	440.540	+2.171	272 - 809	442.835	437.817	-	-	-	-	-	-	66.1
Ireland	(I£)	1.0504	+0.0017	494 - 513	1.0514	1.0472	1.0501	0.3	1.0492	0.5	1.0426	0.7	101.9
Italy	(L)	2760.06	+0.39	924 - 188	2765.80	2749.80	2763.48	-1.5	2768.31	-1.2	2771.11	-0.4	76.4
Luxembourg	(LFr)	57.8157	+0.2657	672 - 642	57.8642	57.5000	57.6907	2.6	57.4307	2.7	56.1057	3.0	103.1
Netherlands	(Fl)	3.1494	+0.0133	478 - 510	3.1517	3.1339	3.1413	3.1	3.1255	3.0	3.05	3.2	102.7
Norway	(NKr)	11.3918	+0.0316	270 - 365	11.3871	11.2959	11.3073	2.8	11.2588	2.6	11.0333	2.6	100.8
Portugal	(Es)	280.060	+0.942	901 - 219	280.219	278.812	280.2	-0.6	280.485	-0.6	-	-	94.6
Spain	(Pta)	235.902	+0.407	812 - 992	236.130	235.040	236.035	-0.7	235.902	0.0	234.427	0.6	77.9
Sweden	(SKr)	12.4949	-0.0012	874 - 024	12.5090	12.4874	12.4759	1.8	12.4364	1.9	12.2404	2.0	84.6
Switzerland	(SFr)	2.3853	-0.0002	838 - 867	2.3896	2.3815	2.3765	4.5	2.3586	4.5	2.2744	4.6	103.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	99.7
Ecu	-	1.4344	+0.0066	333 - 354	1.4354	1.4269	1.4322	1.9	1.4275	1.9	1.4024	2.2	-
SDR†	-	1.165806	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6242	+0.0004	237 - 248	1.6282	1.6208	-	-	-	-	-	-	-
Brazil	(R$)	1.7208	+0.0017	200 - 215	1.7228	1.7163	-	-	-	-	-	-	-
Canada	(C$)	2.2697	+0.0102	686 - 707	2.2719	2.2591	2.2638	3.1	2.2531	2.9	2.2085	2.7	84.0
Mexico	(New Peso)	12.8712	+0.0189	595 - 829	12.8869	12.8140	-	-	-	-	-	-	-
USA	($)	1.6250	+0.0009	245 - 254	1.6265	1.6210	1.6244	0.4	1.6228	0.5	1.6154	0.6	105.9
Pacific/Middle East/Africa													
Australia	(A$)	2.0670	-0.0119	655 - 685	2.0679	2.0561	2.0669	0.1	2.0661	0.2	2.062	0.2	99.4
Hong Kong	(HK$)	12.5917	+0.0064	874 - 960	12.6021	12.5628	12.587	0.4	12.5761	0.5	12.5359	0.4	-
India	(Rs)	58.2826	+0.0792	068 - 194	58.3194	58.1050	-	-	-	-	-	-	-
Israel	(Shk)	5.5215	+0.0103	149 - 280	5.5280	5.5064	-	-	-	-	-	-	-
Japan	(Y)	204.971	+0.149	833 - 109	205.109	203.830	204.001	5.7	202.141	5.5	193.531	5.6	120.6
Malaysia	(M$)	4.0705	+0.0015	686 - 724	4.0728	4.0589	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3403	-0.0075	388 - 417	2.3423	2.3319	2.3432	-1.5	2.3483	-1.4	2.3685	-1.2	118.4
Philippines	(Peso)	42.8386	+0.0192	893 - 878	42.8878	42.8420	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0943	+0.0027	924 - 962	6.0999	6.0820	-	-	-	-	-	-	-
Singapore	(S$)	2.3416	+0.0058	401 - 430	2.3447	2.3301	-	-	-	-	-	-	-
South Africa	(R)	7.2294	-0.0084	250 - 338	7.2428	7.2253	-	-	-	-	-	-	-
South Korea	(Won)	1451.06	+0.78	743 - 473	1454.73	1441.29	-	-	-	-	-	-	-
Taiwan	(T$)	44.8649	+0.0884	712 - 586	44.9586	44.3111	-	-	-	-	-	-	-
Thailand	(Bt)	42.3968	+0.0319	588 - 148	42.4190	42.2690	-	-	-	-	-	-	-

† Rates for Apr 10. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.1337	+0.0505	309 - 365	12.1480	12.0800	12.1189	1.5	12.0737	2.0	11.8787	2.1	103.3
Belgium	(BFr)	35.5800	+0.145	600 - 000	35.6050	35.4170	35.52	2.0	35.3925	2.1	34.8535	2.0	103.2
Denmark	(DKr)	6.5667	+0.0227	657 - 677	6.5750	6.5399	6.5579	1.6	6.5394	1.7	6.4577	1.7	105.1
Finland	(FM)	5.1501	+0.0175	466 - 536	5.1536	5.1288	5.1413	2.1	5.1226	2.1	5.0401	2.1	82.5
France	(FFr)	5.8000	+0.0212	985 - 015	5.8090	5.7770	5.7893	2.2	5.7683	2.2	5.66	2.4	105.9
Germany	(DM)	1.7241	+0.0072	237 - 244	1.7264	1.7167	1.7209	2.2	1.7144	2.3	1.6807	2.5	104.5
Greece	(Dr)	271.110	+1.185	020 - 200	272.540	269.720	272.665	-6.9	275.235	-6.1	286.26	-5.6	66.1
Ireland	(I£)	1.5471	-0.0017	461 - 480	1.5510	1.5442	1.5466	0.3	1.5461	0.3	1.5474	0.0	-
Italy	(L)	1698.55	-0.65	790 - 920	1702.11	1694.78	1701.55	-2.1	1706.4	-1.8	1716.2	-1.0	76.0
Luxembourg	(LFr)	35.5800	+0.145	600 - 000	35.6050	35.4170	35.52	2.0	35.3925	2.1	34.8525	2.0	103.2
Netherlands	(Fl)	1.9382	+0.0072	377 - 386	1.9405	1.9303	1.9344	2.4	1.9264	2.4	1.8908	2.4	102.8
Norway	(NKr)	6.9736	+0.0158	726 - 746	7.0135	6.9560	6.9699	0.6	6.9642	0.5	6.9386	0.5	100.2
Portugal	(Es)	172.350	+0.49	300 - 400	172.480	171.920	172.48	-0.9	172.63	-0.6	172.365	0.0	95.1
Spain	(Pta)	145.175	+0.175	160 - 190	145.370	144.810	145.266	-0.7	145.385	-0.6	145.18	0.0	77.6
Sweden	(SKr)	7.6894	-0.0048	869 - 919	7.7094	7.6713	7.6866	0.4	7.6768	0.7	7.6294	0.8	84.1
Switzerland	(SFr)	1.4679	-0.0009	674 - 684	1.4715	1.4655	1.4631	3.9	1.4537	3.9	1.4092	4.1	103.3
UK	(£)	1.6250	+0.0009	245 - 254	1.6265	1.6210	1.6244	0.4	1.6228	0.5	1.6154	0.6	99.1
Ecu	-	1.1329	-0.0046	324 - 334	1.1379	1.1315	1.1341	-1.2	1.1366	-1.3	1.1519	-1.7	-
SDR†	-	0.73031	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0003	995 - 995	0.9995	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	1.0590	+0.0005	589 - 591	1.0594	1.0589	-	-	-	-	-	-	-
Canada	(C$)	1.3968	+0.0055	965 - 970	1.3975	1.3928	1.394	2.4	1.3887	2.3	1.3673	2.1	84.3
Mexico	(New Peso)	7.9210	+0.0075	160 - 260	7.9260	7.9180	8.039	-17.9	8.3055	-19.4	9.166	-15.7	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.4
Pacific/Middle East/Africa													
Australia	(A$)	1.2720	-0.008	715 - 726	1.2726	1.2714	1.2727	-0.7	1.2735	-0.5	1.2788	-0.5	100.8
Hong Kong	(HK$)	7.7490	-0.0001	485 - 495	7.7495	7.7480	7.7489	0.0	7.7494	0.0	7.7605	-0.1	-
India	(Rs)	35.8550	+0.03	300 - 800	35.8800	35.8300	36.07	-7.2	36.53	-7.5	-	-	-
Israel	(Shk)	3.3979	+0.0045	949 - 010	3.4010	3.3948	-	-	-	-	-	-	-
Japan	(Y)	126.140	+0.025	090 - 190	126.210	125.630	125.605	5.1	124.58	4.9	119.78	5.0	121.7
Malaysia	(M$)	2.5050	-0.0004	045 - 055	2.5055	2.5030	2.5078	-1.4	2.5132	-1.3	2.5345	-1.2	-
New Zealand	(NZ$)	1.4402	-0.0054	397 - 407	1.4407	1.4397	1.4425	-1.9	1.4468	-1.8	1.4675	-1.9	-
Philippines	(Peso)	26.3630	-0.002	400 - 860	26.3860	26.3400	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0003	503 - 506	3.7506	3.7503	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4410	+0.0028	405 - 415	1.4422	1.4359	1.4388	1.8	1.4343	1.9	1.413	1.9	-
South Africa	(R)	4.4490	-0.0075	475 - 505	4.4600	4.4475	4.4897	-11.0	4.5647	-10.4	4.8795	-9.7	-
South Korea	(Won)	893.000	-	000 - 000	895.000	888.700	-	-	-	-	-	-	-
Taiwan	(T$)	27.6100	+0.04	600 - 600	27.6600	27.2600	27.6101	0.0	27.6103	0.0	-	-	-
Thailand	(Bt)	26.0850	+0.006	750 - 950	26.0950	26.0700	26.175	-4.1	26.3425	-3.9	26.98	-3.4	-

† SDR rate per $ for Apr 10. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 10: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

April 11	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 5/16	3 1/4	3 3/8	3 1/4	3 13/32	6.00	2.50	-
week ago	3 3/8	3 1/4	3 11/32	3 7/16	3 9/16	6.00	2.50	-
France	3 5/16	3 1/2	3 1/4	3 1/4	3 1/2	3.10	-	4.75
week ago	3 3/16	3 1/4	3 1/4	3 1/4	3 1/2	3.10	-	4.75
Germany	3 1/4	3 1/4	3 1/4	3 1/4	3 5/16	4.50	2.50	3.00
week ago	3 1/4	3 1/4	3 1/4	3 1/4	3 13/32	4.50	2.50	3.00
Ireland	5 1/2	5 13/16	5 3/4	5 3/4	5 13/16	-	-	6.25
week ago	5 13/32	5 13/16	5 3/4	5 13/16	5 13/16	-	-	6.25
Italy	7 3/4	7 1/2	7 1/4	7 1/4	6 15/16	8.25	6.75	7.34
week ago	7 1/4	7 1/2	7 1/4	7 1/4	7	8.25	6.75	7.34
Netherlands	3 1/8	3 1/4	3 1/4	3 5/16	3 3/8	-	3.00	3.30
week ago	3 3/8	3 1/8	3 3/8	3 5/16	3 3/8	-	3.00	3.30
Switzerland	1 1/8	1 5/8	1 3/4	1 3/4	1 7/8	-	1.00	-
week ago	1 1/2	1 5/8	1 5/8	1 5/8	1 5/8	-	1.00	-
US	5 3/8	5 1/2	5 13/16	5 13/16	6 1/4	-	5.00	-
week ago	5 13/32	5 1/2	5 3/4	5 13/16	6 1/4	-	5.00	-
Japan	1/2	1/2	1/2	1/2	3/4	-	0.50	-
week ago	1/2	1/2	1/2	1/2	3/4	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 9/16	5 13/16	6 1/16	6 3/8	-	-	-
week ago	-	5 1/2	5 3/4	5 13/16	6 5/16	-	-	-
US Dollar CDs	-	5.46	5.60	5.75	6.09	-	-	-
week ago	-	5.46	5.56	5.72	6.07	-	-	-
ECU Linked Ds	-	4 5/16	4 1/4	4 1/4	4 5/16	-	-	-
week ago	-	4 3/8	4 1/4	4 1/4	4 5/16	-	-	-
SDR Linked Ds	-	3 1/4	3 3/8	3 1/2	3 13/16	-	-	-
week ago	-	3 3/8	3 3/8	3 1/2	3 13/16	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 11	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 3/8 - 3 1/4	3 3/8 - 3 1/8	3 1/4 - 3 1/2	3 1/4 - 3 1/8	3 13/32 - 3 9/32	3 15/32 - 3 3/8
Danish Krone	3 7/16 - 3 13/32	3 19/32 - 3 1/2	3 9/16 - 3 15/32	3 3/4 - 3 5/8	3 13/16 - 3 11/16	4 1/16 - 3 29/32
German Mark	3 3/16 - 3 1/16	3 3/32 - 2 29/32	3 3/32 - 3	3 3/16 - 3 1/16	3 11/32 - 3 1/16	3 7/16 - 3 5/16
Dutch Guilder	3 1/4 - 3 1/16	3 3/32 - 3 1/32	3 3/16 - 3 1/16	3 1/4 - 3 1/8	3 11/32 - 3 7/32	3 13/32 - 3 9/32
French Franc	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 3/8 - 3 1/8	3 5/16 - 3 3/16	3 11/32 - 3 1/4	3 1/2 - 3 3/8
Portuguese Esc.	6 3/32 - 6 7/32	6 - 5 27/32	5 29/32 - 5 7/8	5 27/32 - 5 3/4	5 3/4 - 5 21/32	5 3/4 - 5 19/32
Spanish Peseta	5 11/16 - 5 13/32	5 5/8 - 5 17/32	5 19/32 - 5 1/2	5 9/16 - 5 15/32	5 1/2 - 5 13/32	5 15/32 - 5 3/8
Sterling	6 - 5 7/8	6 - 5 7/8	6 3/16 - 6 1/16	6 3/8 - 6 1/4	6 5/8 - 6 7/16	6 15/16 - 6 27/32
Swiss Franc	1 3/8 - 7/8	1 5/8 - 1 3/8	1 7/8 - 1 13/32	1 13/16 - 1 23/32	1 15/16 - 1 13/16	2 - 1 3/4
Canadian Dollar	3 1/16 - 2 15/16	3 1/16 - 3	3 15/32 - 3 5/16	3 19/32 - 3 15/32	4 - 3 7/8	4 5/8 - 4 3/8
US Dollar	5 7/16 - 5 5/16	5 15/32 - 5 13/32	5 19/32 - 5 9/16	5 27/32 - 5 5/8	6 - 5 29/32	6 3/16 - 6 3/16
Italian Lira	7 19/32 - 6 27/32	7 3/16 - 7 1/16	7 7/32 - 7 1/8	7 3/32 - 7	7 - 6 27/32	6 25/32 - 6 11/16
Japanese Yen	17/32 - 1/2	15/32 - 3/8	9/16 - 17/32	1/2 - 13/32	5/8 - 15/32	31/32 - 3/4
Asian $Sing	3 7/16 - 3 5/16	3 3/8 - 3 1/4	3 3/16 - 3 1/16	3 3/8 - 3 1/4	3 3/8 - 3 1/4	3 1/2 - 3 3/8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.03	93.99	-0.05	94.04	93.97	74,138	504,980
Sep	93.73	93.67	-0.06	93.75	93.64	80,653	397,284
Dec	93.41	93.34	-0.08	93.44	93.31	50,072	281,326

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.60	94.58	-0.02	94.60	94.56	427	7,193
Sep	94.31	94.25	-0.05	94.32	94.23	265	3,538
Dec	-	94.50	-	-	-	-	-

All Open Interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.30	4.847	1.816	4774	5.447	19.60	484.5	408.1	21.61	4.126	1.730	3.925	2.811	354.4	2.481
Denmark	(DKr)	54.18	10	8.832	2.626	0.984	2587	2.951	10.62	262.5	221.1	11.71	2.235	0.937	2.127	1.523	192.0	1.344
France	(FFr)	61.34	11.32	10	2.973	1.114	2929	3.341	12.02	297.2	250.3	13.25	2.531	1.061	2.408	1.724	217.4	1.522
Germany	(DM)	20.63	3.808	3.363	1	0.375	985.0	1.124	4.044	99.96	84.19	4.458	0.851	0.357	0.810	0.580	73.13	0.512
Ireland	(I£)	55.06	10.16	8.975	2.669	1	2629	2.999	10.79	266.8	224.7	11.90	2.271	0.952	2.161	1.548	195.1	1.366
Italy	(L)	2.095	0.387	0.341	0.102	0.038	100.	0.114	0.411	10.15	8.547	0.453	0.086	0.036	0.082	0.059	7.424	0.052
Netherlands	(Fl)	18.36	3.388	2.993	0.890	0.333	876.5	1	3.598	88.95	74.91	3.966	0.757	0.318	0.721	0.516	65.07	0.455
Norway	(NKr)	51.02	9.417	8.318	2.473	0.927	2436	2.779	10	247.2	208.2	11.02	2.105	0.883	2.003	1.434	180.8	1.266
Portugal	(Es)	20.64	3.809	3.365	1.000	0.375	985.4	1.124	4.045	100.	84.22	4.459	0.851	0.357	0.810	0.580	73.15	0.512
Spain	(Pta)	24.51	4.523	3.995	1.188	0.445	1170	1.335	4.803	118.7	100.	5.295	1.011	0.424	0.962	0.689	86.86	0.608
Sweden	(SKr)	46.29	8.543	7.545	2.243	0.841	2210	2.521	9.071	224.3	188.9	10	1.910	0.801	1.817	1.301	164.1	1.148
Switzerland	(SFr)	24.24	4.474	3.951	1.175	0.440	1157	1.320	4.751	117.4	98.91	5.237	1	0.419	0.951	0.681	85.91	0.601
UK	(£)	57.81	10.67	9.424	2.802	1.050	2760	3.149	11.33	280.1	235.9	12.49	2.385	1	2.269	1.625	204.9	1.434
Canada	(C$)	25.48	4.703	4.153	1.235	0.463	1216	1.388	4.993	123.4	104.0	5.505	1.051	0.441	1	0.716	90.30	0.632
US	($)	35.58	6.566	5.799	1.724	0.646	1698	1.938	6.972	172.4	145.2	7.686	1.468	0.615	1.396	1	126.1	0.882
Japan	(Y)	28.21	5.207	4.599	1.367	0.512	1347	1.537	5.530	136.7	115.1	6.096	1.164	0.488	1.107	0.793	100.	0.700
Ecu		40.31	7.441	6.572	1.954	0.732	1925	2.196	7.901	195.3	164.5	8.710	1.663	0.697	1.582	1.133	142.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lire and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.5847	0.5838	-0.0007	0.5850	0.5818	20,674	80,119
Sep	0.5865	0.5878	-0.0006	0.5885	0.5858	161	2,653
Dec	0.5902	0.5921	-0.0005	0.5925	0.5900	22	207

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.6855	0.6890	+0.0036	0.6898	0.6841	16,510	45,174
Sep	0.6915	0.6959	+0.0038	0.6961	0.6915	149	2,094
Dec	-	0.7034	+0.0040	-	-	1	378

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	0.8034	0.8010	-0.0015	0.8039	0.7994	22,273	81,661
Sep	0.8110	0.8120	-0.0015	0.8132	0.8110	315	1,310
Dec	0.8220	0.8236	-0.0015	0.8246	0.8220	4	612

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Jun	1.6216	1.6268	+0.0046	1.6294	1.6192	5,676	35,165
Sep	1.6194	1.6242	+0.0048	1.6270	1.6194	70	841
Dec	-	1.6210	+0.0048	1.6200	1.6160	11	101

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.630	-	1.42	2.03	0.12	1.61	2.30
1.640	-	1.01	1.51	1.04	2.20	2.72
1.650	-	0.69	1.15	2.04	2.82	-

Previous day's vol., Calls 825 Puts 301. Prev. day's open int., Calls 32,271 Puts 33,899

■ **PHILADELPHIA SE D-MARK/$ OPTIONS** DM62,500 ($ per DM)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
0.595	-	0.23	0.43	1.33	1.45	1.58
0.600	-	0.14	0.32	1.90	1.87	1.95
0.605	-	0.08	0.23	2.40	-	2.38

Previous day's vol., Calls 1,223 Puts 2,700. Prev. day's open int., Calls 31,076 Puts 40,089

UK INTEREST RATES

LONDON MONEY RATES

Apr 11	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 4 1/2	6 - 5 7/8	6 1/8 - 6	6 13/32 - 6 11/32	6 11/16 - 6 9/16	7 1/32 - 6 29/32
Sterling CDs	-	-	6 1/8 - 6 1/16	6 3/8 - 6 5/16	6 19/32 - 6 17/32	6 15/16 - 6 7/8
Treasury Bills	-	-	6 3/32 - 5 31/32	6 5/16 - 6 3/16	-	-
Bank Bills	-	-	6 1/16 - 5 15/16	6 1/4 - 6 1/16	6 9/16 - 6 7/16	-
Local authority deps.	6 - 5 7/8	6 - 5 7/8	6 1/16 - 6	6 3/8 - 6 3/16	6 9/16 - 6 7/16	6 13/16 - 6 11/16
Discount Market deps	6 1/16 - 5 15/16	6 - 5 7/8	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount on Apr 4, 6.0863pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 27, 1997. Agreed rate for period Apr 22, 1997 to May 25, 1997, Scheme III 7.58pc. Reference rate for period Mar 1, 1997 to Mar 27, 1997, Schemes IV & V 6.262pc. Finance House Base Rate 6 1/2pc from Apr 1, 1997

BANK OF ENGLAND TREASURY BILL TENDER

	Apr 11	Apr 4		Apr 11	Apr 4
Bills on offer	£200m	£400m	Top accepted rate	6.0967%	6.0967%
Total of applications	£1075m	£1171m	Ave. rate of discount	6.0853%	6.0914%
Total allocated	£200m	£400m	Average yield	6.1772%	6.1853%
Min. accepted bid	£98.480	£98.480	Offer at next tender	£400m	£400m
Allotment at min. level	53%	75%	Min. accept. bid 92 days	-	-

■ **Pound in New York**

Apr 11	—Close —	— Prev. close —
£ spot	1.6265	1.6235
1 mth	1.6259	1.6228
3 mth	1.6243	1.6212
1 yr	1.6188	1.6150

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Markets page in today's edition.

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.00	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

● Members of London Investment Banking Association
* In administration

OTHER STATISTICS

STOCK INDICES

	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	1997 High	1997 Low	Since comp. High	Since comp. Low
FTSE 100	4270.7	4313.2	4282.3	4269.3	4271.7	4444.3	4056.6	4444.3	986.9
FTSE 250	4533.8	4544.3	4539.8	4518.7	4518.4	4729.4	4469.4	4729.4	1379.4
FTSE 250 ex IT	4578.4	4587.2	4581.5	4560.0	4560.2	4773.8	4522.0	4773.8	1378.3
FTSE 350	2107.5	2125.1	2116.6	2105.5	2106.4	2194.3	2017.9	2194.3	664.5
FTSE SmallCap	2297.47	2295.62	2290.93	2286.38	2284.27	2374.20	2178.29	2374.28	1363.79
FTSE SmallCap ex IT	2310.47	2307.96	2302.16	2298.37	2296.84	2382.36	2190.80	2382.36	1268.87
FTSE All-Share	2079.82	2095.70	2087.56	2077.19	2077.88	2163.84	1989.78	2163.84	61.92
FTSE Fledgling	1302.84	1299.95	1299.42	1296.71	1294.91	1346.52	1223.48	1346.52	31.14
FTSE Eurotrack 100	2170.87	2170.14	2169.11	2147.42	2136.34	2231.93	1893.80	2231.93	900.45
FTSE Eurotrack 200	2193.75	2193.00	2192.60	2170.67	2164.76	2258.03	1947.11	2258.03	938.62
FT 30	2820.0	2853.4	2848.0	2842.4	2838.8	2931.4	2762.5	2931.4	49.4
FT Govt Securities	93.46	93.60	93.83	93.80	93.65	96.74	93.31	127.40	49.18
FT Fixed Interest	113.85	116.63	116.61	116.62	116.30	120.18	113.85	133.87	50.53
FT Gold Mines	1590.37	1621.08	1595.04	1609.16	1604.90	1987.49	1595.04	2520.73	922.16

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1997 High	1997 Low	Stock	Closing price p	+or-
9	Nil	22/4	23 1/2pm	15 1/2pm	Biocure	22 1/2pm	
135	Nil	29/4	15 1/2pm	15 1/2pm	Edge Properties	15 1/2pm	
34	Nil	14/4	13pm	5pm	JKX Oil & Gas	5 1/2pm	
320	Nil	1/5	49 1/2pm	17 1/2pm	Luminar	49 1/2pm	
55	Nil	18/4	3 1/2pm	3/4pm	Saville Gordon	3/4pm	

pm premium.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§100	F.P.	25.0	100	99	Aurora Inv Trust	100		-	-	-	-
§100	F.P.	68.3	103 1/2	89 1/2	†Avalon Oil	89 1/2	-1/2	-	-	-	-
-	F.P.	754.1	142 1/2	124	Avis Europe	129 1/2		Q4.12	2.7	3.2	14.7
§	F.P.	5.33	44 1/2	41 1/2	†Bickerton	41 1/2		-	-	-	23.2
§500	F.P.	124.3	620	562 1/2	Cambridge Antibody	570		-	-	-	-
§40	F.P.	13.2	65	55	†Charlton Athltc	60 1/2		-	-	-	-
	F.P.	38.0	95	95	Close Bros Pr VCT	95		-	-	-	-
§	F.P.	59.5	335	280	Diagonal	321 1/2		-	-	-	41.8
§	F.P.	10.9	72 1/2	70 1/2	Donatantonio	72		L2.25	1.7	3.9	13.2
§175	F.P.	57.6	207 1/2	175	Harvey Nash	206 1/2	+5	F4.0	-	2.4	-
§175	F.P.	25.9	212 1/2	198	Heal's	212 1/2		L3.9	3.1	2.3	15.5
§100	F.P.	18.8	130 1/2	114 1/2	Helphire Group	115		R0.8	5.1	0.9	14.1
100	F.P.	35.9	102 1/2	92 1/2	Murray VCT 2	102 1/2		-	-	-	-
§135	F.P.	194.8	144 1/2	135 1/2	Newcastle Utd	138		u1.6	-	1.5	-
*40	F.P.	1.71	28 1/2	28 1/2	†Northstar Secs	28 1/2		-	-	-	-
	F.P.	4.75	95	95	Oxford Tech Vent	95		-	-	-	-
§17	F.P.	4.01	50 1/2	17 1/2	Pathfinder Props	37 1/2		-	-	-	-
§	F.P.	3.15	3	2 1/2	†Prestbury Leisur	2 1/2		L0.32	5.4	16.0	10.1
§	F.P.	18.3	122 1/2	115 1/2	†Q Group	115 1/2		-	-	-	-
-	F.P.	40.8	16	12 1/2	†Sibir Energy	16	+1/2	-	-	-	-
-	F.P.	12.4	107 1/2	107 1/2	†Torch Hldgs	107 1/2		-	-	-	-
-	F.P.	72.2	61 1/2	59	Utd Overseas Grp	60 1/2		-	-	-	13.1
	F.P.	22.6	147 1/2	143 1/2	Whitehead Mann	145 1/2		§4.35	2.2	3.7	14.0
§	F.P.	-	177	177	Worldsec	177		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

BANK RETURN

BANKING DEPARTMENT	Wednesday April 9, 1997	Increase or decrease for week
Liabilities	£	£
Capital	14,553,000	
Public deposits	1,299,678,712	+147,811,090
Bankers deposits	2,030,000,278	+92,205,142
Reserve and other accounts	3,189,690,611	-81,587,786
	6,516,922,601	+158,428,446
Assets		
Government securities	1,275,607,115	-3,055,000
Advance and other accounts	4,109,672,699	+204,608,681
Premise, equipment and other secs	1,122,799,047	-44,085,128
Notes	8,737,282	+971,981
Coin	106,458	-12,068
	6,516,922,601	+158,428,446
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	21,131,262,718	-680,971,981
Notes in Banking Department	8,737,282	+971,981
	21,140,000,000	-680,000,000
Assets		
Other Government securities	14,682,633,524	-454,356,094
Other Securities	6,457,366,476	-225,643,906
	21,140,000,000	-680,000,000

FT GOLD MINES INDEX

	Apr 11	% chg since 31/12/96	Mkt Cap $bn	% of Gold Mines	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1590.37	-12.8	43.99	100.00	2.10	-	2382.86	1590.37
■ Regional Indices								
Africa (14)	1920.22	-9.7	11.42	25.96	4.65	30.41	3197.52	1866.95
Australasia (6)	1852.46	-16.5	4.87	11.08	2.91	20.02	2844.14	1850.86
North America (12)	1466.60	-13.1	27.70	62.96	0.91	57.23	2131.07	1466.60

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial.

UK GILTS PRICES

Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)						
Treas Cnv 7pc 1997‡‡	100 1/32	—	1,988	Fe8 Au6	28.1	4481
Treas 8 3/4pc 1997‡‡	100 13/16	-.1	6,550	Mr1 Se1	20.2	1341
Exch 15pc 1997	104 5/8	-.1	830	Oc27 Oc27	17.10	1206
Exch 9 3/4pc 1998	102 3/8	-.1	3,550	Jy19 Ja19	9.1	1273
Treas 7 1/4pc 1998‡‡	100 3/8	—	8,150	Se30 Mr30	19.3	1788
Treas 15 1/2pc '98‡‡	111 13/16	-.1	835	Mr30 Se30	19.3	1308
Exch 12pc 1998	107 3/16	—	3,909	My20 No20	11.11	1259
Treas 6 1/2pc 1999‡‡	100 3/8	0.1	1,900	Jy15 Ja15	6.1	1347
Treas Flg Rate 1999‡‡	100 1/2	—	5,700	9MrJnSeDe	2.12	4945
Exch 12 1/4pc 1999	109 1/4	0.1	3,056	Se26 Mr26	17.3	1264
Treas 10 1/2pc 1999	106 13/16	0.1	1,252	Mr19 My19	8.11	1288
Treas 6pc 1999‡‡	98 1/4	0.3	6,950	Fe10 Au10	30.1	3635
Conversion 10 1/4pc 1999	107 3/8	0.1	1,768	My22 No22	13.11	1242
Conv 9pc 2000‡‡	104 13/16	0.2	5,358	Se3 Mr3	20.2	1244
Treas 13pc 2000	116 3/8	0.1	3,171	Ja14 Jy14	3.1	1290
Treas 14pc 1998-1	107 31/32	—	970	Mr22 My22	13.11	1306
Treas 8pc 2000‡‡	102 7/8	0.2	9,800	Ja7 De7	28.11	4948
Treas Flg Rate 2001	100 1/32	—	3,000	8OcJaApJy	7.4	-
Treas 10pc 2001	109	0.1	4,406	Au26 Fe26	17.2	1280
Treas 7pc 2001‡‡	98 5/8	0.2	12,750	My6 No6	28.10	3031
Five to Fifteen Years						
Treas 7pc 2002‡‡	98 1/2	0.1	4,000	De7 Ja7	-	-
Treas 9 3/4pc 2002	109 7/8	0.1	6,527	Fe27 Au27	18.2	1349
Treas 8pc 2003‡‡	102 1/2	0.1	8,600	Ja10 De10	28.11	2810
Treas 10pc 2003	112 1/4	0.1	2,500	Mr8 Se8	27.2	1281
Treas 11 1/2pc 2001-4	115 13/16	0.1	1,920	Se19 Mr19	10.3	1290
Funding 3 1/2pc 1999-4	89 13/16	—	548	Ja14 Jy14	3.1	1274
Conversion 9 1/2pc 2004	110 7/8	-.1	3,412	Oc25 Oc25	16.10	1246
Treas 6 3/4pc 2004‡‡	95 3/8	—	6,500	My26 No26	15.11	3541
Conv 9 1/2pc 2005	110 3/8xd	-.1	4,842	Oc18 Ap18	9.4	1247
Treas 12 1/2pc 2003-5	126 3/4	—	2,200	My21 No21	12.11	1285
Treas 8 1/2pc 2005‡‡	105 1/4	—	10,373	Ja7 De7	28.11	4845
Treas 7 1/2pc 2006‡‡	98 13/16	—	11,700	Ja7 De7	28.11	1148
Treas 7 3/4pc 2006‡‡	100 1/4	—	4,000	Mr8 Se8	27.2	2300
Treas 8pc 2002-6‡‡	101 1/4	0.1	2,050	Ap5 Oc5	25.3	1334
Treas 11 3/4pc 2003-7	119 3/4xd	—	3,150	Jy22 Ja22	13.1	1293
Treas 8 1/2pc 2007‡‡	105 1/4	—	7,397	Ja16 Jy16	7.1	1339
Treas 7 1/4pc 2007‡‡	96 13/16	—	2,500	Ja7 De7	-	-
Treas 9pc 2008‡‡	109 1/4xd	—	5,621	Ap13 Oc13	3.4	1343
Treas 8pc 2009	101 13/16	-.1	3,450	Mr25 Se25	14.3	1336
Treas 6 1/4pc 2010‡‡	85 7/8	—	4,750	Mr25 No25	14.11	4632
Conv 9pc Ln 2011‡‡	110	-.1	5,273	Jy12 Ja12	2.1	1245
Over Fifteen Years						
Treas 9pc 2012‡‡	110 1/8	—	5,360	Fe6 Au6	28.1	1701
Treas 5 1/2pc 2008-12‡‡	81 13/16	0.4	1,000	Mr10 Se10	27.2	1330
Treas 8pc 2013‡‡	101 13/16xd	—	6,100	Mr27 Se27	18.3	2229
Treas 7 3/4pc 2012-15‡‡	98 13/16	0.5	800	Ja26 Jy26	16.1	1332
Treas 8pc 2015‡‡	101 13/16	-.1	13,787	Ja7 De7	28.11	4992
Treas 8 3/4pc 2017‡‡	109 1/4	-.1	7,550	Fe25 Au25	14.2	1082
Treas 8pc 2021‡‡	102 1/8	-.1	11,500	Ja7 De7	28.11	-
Undated						
Consols 4pc	49 13/16	0.3	359	Ap1 Au1	24.1	1229
War Loan 3 1/2pc‡‡	44 1/4	0.4	1,909	Ja1 De1	18.11	1352
Conv 3 1/2pc '61 Aft	62 1/4	1.2	115	Oc1 Oc1	19.3	1243
Treas 3pc '66 Aft	37 1/4	1.8	56	Ap5 Oc5	25.3	1324
Consols 2 1/2pc	31 13/16	0.8	276	5OcApJyOc	25.3	1236
Treas. 2 1/2pc	31 13/16	0.4	475	Ap1 Oc1	19.3	1315
Index-Linked (b)						
4 5/8pc '98‡‡ (135.6)	113 13/16	—	800	Ap27 Oc27	17.10	1753
2 1/2pc '01 (78.3)	185 1/4	—	2,150	Mr24 Se24	13.3	1316
2 1/2pc '03 (78.8)	181 1/4	-.1	2,300	My20 No20	11.11	1317
4 3/8pc '04‡‡ (135.6)	117 13/16xd	-.2	1,150	Ap21 Oc21	10.4	1255
2pc '06 (69.5)	193 1/8	-.2	2,350	Ja19 Jy19	9.1	1314
2 1/2pc '09 (78.8)	170 1/2	-.3	2,400	My20 No20	11.11	1318
2 1/2pc '11 (74.6)	176 13/16	-.4	2,950	Fe23 Au23	13.2	1319
2 1/2pc '13 (89.2)	145 3/4	-.4	3,400	Fe16 Au16	6.2	1320
2 1/2pc '16 (81.6)	154 13/16	-.5	3,400	Ja26 Jy26	16.1	1321
2 1/2pc '20 (83.0)	147 13/16xd	-.6	3,350	Ap16 Oc16	7.4	1322
2 1/2pc '24‡‡ (97.7)	122 1/4	-.6	3,400	Ja17 Jy17	9.1	1323
4 1/8pc '30‡‡ (135.1)	120 3/4xd	-.6	1,300	Ja16 Jy22	13.1	1134

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for July 1996: 152.4 and for February 1997: 155.0.

Other Fixed Interest

Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
Asian Dev 10 1/4pc 2009	118 5/8	—	100	Mr24 Se24	24.3	-
B'ham 11 1/2pc 2012	127 1/2	—	45	My15 No15	15.10	1837
Leeds 13 1/2pc 2006	133 1/2	—	40	Ap1 Oc1	10.3	3146
Liverpool 3 1/2pc Irred	40	—	5	1ApJyOcJa	3.3	-
LCC 3pc '20 Aft	35	—	26	1MrJnSeDe	3.2	-
Manchester 11 1/2pc 2007	122 1/2xd	—	6	Ap25 Oc25	27.3	3275
Met. Wtr. 3pc 'B'	80	—	25	Mr1 Se1	3.2	3361
N'wide Anglia 3 7/8pc 2021	144 3/4	—	60	Ja30 Jy30	16.12	3465
4 1/8pc IL 2024	133 3/8	—	50	Au23 Fe23	13.1	-
Utd Mex States 16 1/2pc 2008	132	—	50	Mr1 Se1	30.1	-

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	W'k% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Allied Domecq	♣	431	-4.2	23.59	1.4	Feb Jul	2.12	1559
Bulmer (HP)	♣†	581	-1.5	13.55	2.5	Feb Sep	13.1	2005
Burn St Dist	†	69xd	2.0	3.4	1.7	May Nov	7.4	1518
Glenmorangie A	†	1000	...	12.27	3.0	Jan Jul	9.12	3257
B	†	1125	...	6.14	3.0	Jan Jul	9.12	–
Grand Met	♣	480½	4.8	15.9	1.9	Apr Oct	6.1	2739
Guinness	♣♥	501xd	0.4	16.1	2.3	May Nov	1.4	2761
Highland	♣†	344	-1.0	8.4	2.5	Jan Jun	2.12	2868
5¼pc Cnv Bds		97¼	...	–	–	–	31.1	–
Kirin Y		478	-3.2	Q24%	4.3	Sep Mar	–	1119
Matthew Clark	♣‡	334½	2.9	24.0	0.9	Apr Oct	3.3	2153
Merrydown	♣†	91½	1.1	4.6	1.6	Jan Oct	16.12	3352
Seagram C$		£22⅝	0.5	Q89.4c	–	MrJuSeDe	28.11	–

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

Approved by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

Approved by the Inland Revenue

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AIM (Alternative Investment Market), designed primarily for small companies, is regulated by the London Stock Exchange but has less demanding rules than the SE Official List.

AMERICANS

CANADIANS

	Notes	Price	Wk% ch'nge	Div gross	Dividends paid	Last xd	City line
Toronto-Dom C$		15½	3.8	1.12c	JaApJyOc	18.12	1207
Trans Can Pipe C$	♥	11⅞	2.7	$1.16	JaApJyOc	27.12	-
Western Star Trucks C$		15⅝	-3.5	-	-	-	-

SOUTH AFRICANS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind R		£24½	—	Q545c	♦	May Oct	2.9	-
Barlow	♣	584½xd	-7	Q165c	3.3	Jan Jul	9.12	-
Gold Flds Prop R	†	138½	0.9	Q85c	1.5	Feb Sep	2'96	-
SA Brews		£18⅞	-1.1	Q288c	♦	Jul Feb	2.12	4113
Standard Bank		£25½	2.5	Q284c	3.1	Sep Mar	-	-
Tiger Oats		1085	0.1	Q132c	2.8	Jan Jul	10.6	-
Tongaat-Hulett		757¼	0.9	Q130c	♦	Jan Jun	20.5	-

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of *Financial Times Information.*

Company classifications are based on those used for the FTSE Actuaries Share Indices

Closing mid-prices are shown. Prices and net dividends are in *pence unless otherwise indicated.*

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Dividend covers are calculated on a "net" basis.

Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an *approved exchange.*
- ♣ Free annual/interim report available, see details below
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; *cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. *c Cents.* g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than *previous total.* s Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a *special payment.* t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated *annualised dividend* rate, cover based on previous year's earnings. z Dividend includes a *special payment: Cover* does not apply to special payment. F Dividend based on prospectus or other *official estimates for* 1996-97. G Assumed dividend after pending scrip and/or rights issue. *H Dividend based on* prospectus or other official estimates for 1997. X Dividend based on *prospectus or other* official estimates for 1996. L Estimated annualised dividend, cover based *on latest annual* earnings. M Dividend based on prospectus or other official estimates for *1997-98.* N Dividend is paid in whole or part as a FID (Foreign Income Dividend). *Q Gross.* R Forecast annualised dividend, cover based on prospectus or other official estimates. *W Pro forma figures.* Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; *xi ex capital distribution*

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service: **Additions: Ushers of Trowbridge (BP&Rsr), M&G High Inc IT, Do Packaging Units, Do Inc & Growth, Do Zero Prf (InTr), KBC Advanced Techs (Oil), London Bdge Software, PSD (SpSv), Screen, Total Office Grp, World Telecom (AIM). Deletions:** ***Northern Electric (Elec).***

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Pembroke Hall, Pembroke, Bermuda
UK Pvt Advisers 0800 414161 | Jersey 01534 71696
Private Clients 0800 414161 | 00 352 250404238
From O'seas (44) 1732 777377 | Hong Kong (852) 848 1000

	Init Charge	Selling Price	Buying Price	Yield Gr's	City-Line
A$ Accum		A$10.582		4.90	48907
ASch Accum		Sch251.29		2.10	47644
C$ Accum		C$18.863		1.90	40941
DM Accum		DM38.872		2.00	41228
DFl Accum		Dfl31.916		1.80	48950
ECU Accum		Ecu13.681		3.00	41230
FFr Accum		FFr67.714		2.10	41232
HK$ Accum		HK$123.65		4.40	41316
Lire Accum		L24333		6.30	41386
NZ$ Accum		NZ$41.224		6.50	41944
NKr Accum		NKr113.84		2.00	48048
S$ Accum		S$30.288		2.10	48050
SPta Accum		Pta2604.2		4.70	50124
£ Accum		£13.433		5.10	41546
SKr Accum		SKr122.86		3.00	48054
SFr Accum		SFr29.480		0.50	41550
US$ Accum		$24.000		4.80	41575
Yen Accum		Y2681.7		0.10	41582

Prices for dealing April 11

Jupiter Asset Management (Bermuda) Ltd

PO Box HM1.258, Hamilton, Bermuda 001 809 292 2790

Jupiter Tyndall World Umbrella Fund Ltd

	Selling Price	Buying Price	Yield Gr's	City-Line
Eurobond	$15.79	16.59	4.39	45873
Money	$14.38	15.08	2.87	45872
Mortgage	C$24.38	25.61	7.09	45875

Rothschild Asset Management - Contd.

Five Arrows International Bond Funds

	Init Charge	Selling Price	Buying Price	Yield Gr's	City-Line
FAIB £ Bond	3¼	£22.12	22.83	5.73	47845
FAIB US$ Bond	3¼	$33.12	34.25	5.31	47847
FAIB £ Global	3¼	£16.82	17.39	5.27	44946
FAIB US$ Global	3¼	$29.71	30.72	5.23	44950

Five Arrows International Reserves Ltd

	Selling Price	Yield Gr's	City-Line
FAIRL £	£48.118	5.05	45684
FAIRL A$	A$51.265	5.01	45665
FAIRL C$	C$97.281	1.98	45666
FAIRL DFl	Dfl101.288	1.99	45667
FAIRL DKr	DKr403.01	2.41	45668
FAIRL DM	DM98.861	2.08	45669
FAIRL ECU	Ecu32.385	3.08	45670
FAIRL BFr	BFr2080.63	2.77	45671
FAIRL FM F	FM302.76	1.84	-
FAIRL FFr	FFr458.309	2.12	45672
FAIRL HK$	HK$184.56	4.36	45673
FAIRL Lire	L148534	6.78	45674
FAIRL NZ$	NZ$47.932	6.37	48781
FAIRL NKr F	NKr484.127	1.92	-
FAIRL S$	S$87.087	2.23	45675
FAIRL R F	R318.702	14.82	-
FAIRL Pta	Pta4999.58	4.80	46783
FAIRL SF	SFr77.522	0.72	45676
FAIRL SKr	SKr205.75	3.00	46782
FAIRL US$	$64.065	4.50	45677
FAIRL Yen	Y10114.08	0.00	45678
FAIRL Man £	£28.485	4.00	45679
FAIRL Man DM	DM67.392	2.09	45680
FAIRL Man $	$31.682	3.39	45681
FAIRL Man Int	$20.777	3.01	49984

Five Arrows Currency Fund Ltd

	Selling Price	Yield Gr's	City-Line
FACFL £	£70.275	4.88	45683
FACFL A$	A$15.335	4.92	45684
FACFL C$	C$20.155	1.88	45685
FACFL DFl	Dfl30.377	1.65	45686
FACFL DKr	DKr151.82	2.37	45687
FACFL DM	DM40.341	1.86	45688
FACFL ECU	Ecu15.193	2.87	45689
FACFL BFr	BFr806.87	2.04	45690
FACFL FM F	FM70.539	0.57	-
FACFL FFr	FFr100.895	1.85	45691
FACFL HK$	HK$101.91	4.44	45692
FACFL Lire	L25721	6.14	45693

Royal Bank of Canada Intl Money Market Fd

Money Market Plus

	Selling Price	Buying Price	Yield Gross	City-Line
US$ Accum Class	$1.2217		4.61	49795
US$ Distrib Class	$1.0084		4.61	49796
C$ Accum Class	C$1.2699		2.38	49797
C$ Distrib Class	C$1.0200		2.38	49798
Sterling Accum Class	£1.3261		5.14	50353
Sterling Distrib Class	£1.0282		5.14	50354
SWF Accum Class	SFr1.1272		0.79	49801
SWF Distrib Class	SFr1.0080		0.79	49802
DM Accum Class	DM1.2263		2.00	49803
DM Distrib Class	DM1.0150		2.00	49804
Yen Accum Class	Y1.0346		-	49805

GT Global - Contd.

Tilney (Ireland) Ltd

20/22 Lower Hatch Street, Dublin 2 00 3531 7905013

	Selling Price	Buying Price	Yield Gr's	City-Line
US Yac Cap	$10.22		-	46110

IRELAND (REGULATED)(**)

Goldman Sachs

Gordon House Asset Management Ltd

HSBC UK Equity Plus Plc

HSBC UK Equity Plus II Plc

HSBC UK Equity Plus III Plc

Value Express Fund Plc

Yamaichi Samsung Dynamic Korea Fund

Yuki Korea Fund

Yuki Taiwan Fund

Royal Bank of Scotland Fd Mgrs (Jersey) Ltd

Royal Bank of Scotland International Ltd

Standard Bank Fund Mgmt (Jersey) Ltd

Murray Johnstone (Dublin) Ltd

Europa House, Harcourt St, Dublin 2 3531 407 2000

Murray Global Accumulation Fund Plc

	Init Charge	Selling Price	Buying Price	Yield Gr's	City-Line
Murray Financials Bond	2	105.98		5.69	45929
US Dollar Financials Bond	2	$1.0058		-	-

Odey Asset Management Ltd

80 Harcourt Street, Dublin 2 00 3531 790 2400

	Selling Price	Buying Price	Yield Gr's	City-Line
Odey European Gth Inc	DM185.06		-	45084
Odey European Gth Acc	DM185.74		-	45138
Odey European Gth Inc	£68.37		-	51293
Odey European Gth Acc	£66.61		-	51294

Baring Mutual (Ireland) Ltd

	Selling Price	Buying Price	Yield Gross	City-Line
Umbrella Fund Inc	$12.91	13.30	0.00	45874
Pacific Emerging 94 A	$70.21		0.00	52198
Pacific Emerging 94 B	$68.08		0.00	52200
Latin America	$8.86		0.00	64437
Taiwan Fund NAV	$13.62		0.00	52195

Berkshire KITC Growth Fund Plc

	Selling Price	Buying Price	Yield Gross	City-Line
NAV	$5.67		-	49056

Berkshire Korea Fund Plc

	Selling Price	Buying Price	Yield Gross	City-Line
NAV	$1.59		-	55028

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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LUXEMBOURG (REGULATED)(**)

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OTHER OFFSHORE FUNDS

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 11 / Sch)

BELGIUM/LUXEMBOURG (Apr 11 / Frs.)

CZECH REP (Apr 11 / Korona)

DENMARK (Apr 11 / Kr)

FINLAND (Apr 11 / Mkk)

FRANCE (Apr 11 / Frs.)

GERMANY (Apr 11 / Dm.)

GREECE (Apr 11 / Drachma)

ITALY (Apr 11 / Lira)

NETHERLANDS (Apr 11 / Gs.)

NORWAY (Apr 11 / Kroner)

POLAND (Apr 11 / Zloty)

PORTUGAL (Apr 11 / Escudo)

SPAIN (Apr 11 / Pts.)

SWEDEN (Apr 11 / Kronor)

SWITZERLAND (Apr 11 / Frs.)

TURKEY (Apr 11 / Tk Lira)

PACIFIC

JAPAN (Apr 11 / Yen)

AUSTRALIA (Apr 11 / Aus$)

HONG KONG (Apr 11 / H.K.$)

INDONESIA (Apr 11 / Rupiah)

MALAYSIA (Apr 11 / MYR)

NEW ZEALAND (Apr 11 / NZ $)

SINGAPORE (Apr 11 / S$)

SOUTH KOREA (Apr 11 / Won)

TAIWAN (Apr 11 / TW $)

THAILAND (Apr 11 / Baht)

AFRICA

SOUTH AFRICA (Apr 11 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 11 / Can $) 4 pm close

MONTREAL (Apr 11 / Can $) 4 pm close

INDICES

INDEX FUTURES

US INDICES

Dow Jones	Apr 11	Apr 10	Apr 9	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	6391.69	6540.05	6563.84	7085.16 (11/3)	6391.69 (11/4)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	101.33	101.67	101.45	103.83 (19/2)	101.33 (11/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2385.13	2428.90	2432.29	2469.59 (18/3)	2222.07 (2/1)	2469.59 (18/3/97)	13.23 (8/7/32)
Utilities	211.99	215.83	214.08	240.85 (22/1)	211.99 (11/4)	256.46 (31/8/93)	10.53 (8/7/32)

DJ Ind. Day's high 6529.48 (6626.81) Low 6358.42 (6495.48) (Theoretical¶)
Day's high 6537.70 (6583.30) Low 6387.00 (6535.14) (Actual¶)

Standard and Poors	Apr 11	Apr 10	Apr 9	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	737.65	758.33	760.60	816.29 (18/2)	737.01 (2/1)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	865.42	888.92	891.66	950.96 (18/2)	865.42 (11/4)	950.98 (18/2/97)	3.52 (30/6/32)
Financial	83.20	88.15	86.63	97.25 (10/3)	80.75 (2/1)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	388.47	399.36	400.29	427.70 (10/3)	388.47 (11/4)	427.70 (10/3/97)	4.84 (25/4/42)
Amex Comp.	556.13	583.19	582.98	603.63 (10/3)	556.13 (11/4)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1206.90	1235.75	1249.43	1388.06 (22/1)	1201.00 (2/4)	1388.06 (22/1/97)	54.87 (3/10/74)

■ RATIOS

	Apr 4	Mar 21	Mar 14	Year ago
Dow Jones Ind. Div. Yield	1.87	1.89	1.95	2.11
	Apr 9	Apr 2	Mar 26	Year ago
S & P Ind. Div. yield	1.83	1.86	1.77	1.92
S & P Ind. P/E ratio	21.72	21.45	22.54	20.83

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Boston Sci	9,959,600	45¾	-14⅞
Ph Morris	8,307,700	38¾	+⅝
Chrysler	6,505,200	28⅞	-1
Seagate Tc	5,421,000	45⅛	-3¼
Micron Tc	5,192,600	39⅛	-½
Coca Cola	4,634,100	53¾	-3¼
Ws Digital	4,443,000	62⅝	-3¾
IBM	4,135,600	133⅞	+½
Compaq Cm	4,121,200	73⅛	-2⅛
Chase Mhtn	3,557,000	90¼	-3⅝

■ TRADING ACTIVITY

● Volume (million)	Apr 11	Apr 10	Apr 9
New York SE	443.473	421.795	454.849
Amex	18.025	16.969	19.422
NASDAQ	(u)	532.070	574.434
NYSE			
Issues Traded	3,303	3,286	3,322
Rises	382	1,098	1,277
Falls	2,342	1,313	1,213
Unchanged	579	875	832
New Highs	12	38	56
New Lows	107	54	38

■ S&P 500	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	763.10	738.50	-24.85	757.00	736.00	73,800	179,660
Sep	764.10	746.00	-25.10	765.00	745.25	688	5,073

■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	17550.0	17830.0	+340.0	17910.0	17460.0	35,167	227,906
Sep	17600.0	17700.0	-130.0	17700.0	17600.0	33	2,748

Open interest figures for previous day.

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ¶ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. ♥ Subject to official recalculation.

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■ TOKYO - MOST ACTIVE STOCKS: Friday, April 11, 1997.

	Stocks Traded	Closing Prices	Change on day
Nippon Credit Bk	24.9m	240	+50
Sakura Bank	7.6m	610	+5
Sumitomo Bank	7.0m	1,220	+30
Nippon Steel	6.3m	360	+1
Nomura Sec	6.0m	1,190	+30
Hitachi	4.9m	1,150	+30
Mitsubishi Hvy	4.9m	805	-6
Fuji Bank	4.8m	1,230	+10
Bk Tok-Mbishi	4.7m	1,790	+30
Nikko Sec	4.0m	592	-18

4 pm close April 11

NEW YORK STOCK EXCHANGE PRICES

Continued on next page

NYSE PRICES

4 pm close April 11

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close April 11

u-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

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AMEX PRICES

4 pm close April 11

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$7.625		1000	8.25	7.375	Esprit Telecom ADS	US$10.25	+0.125	0	12.5	9.75
Artwork Systems	US$10.5		12300	11.375	10.25	Innogenetics	US$12		23750	12.625	10.5
Chemunex	FFr17.5		115000	19	17	Mercer Internatl.	US$9.25	-0.125	1000	11.375	9
Dr Solomon's ADS	US$24.5	-0.125	0	26	20.875	PixTech	US$4.625	-0.125	0	6.25	4.375

Prices for 11/4/97. Please note that trading prices are currently used to calculate highs and lows.

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EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9990)

FT GUIDE TO THE WEEK

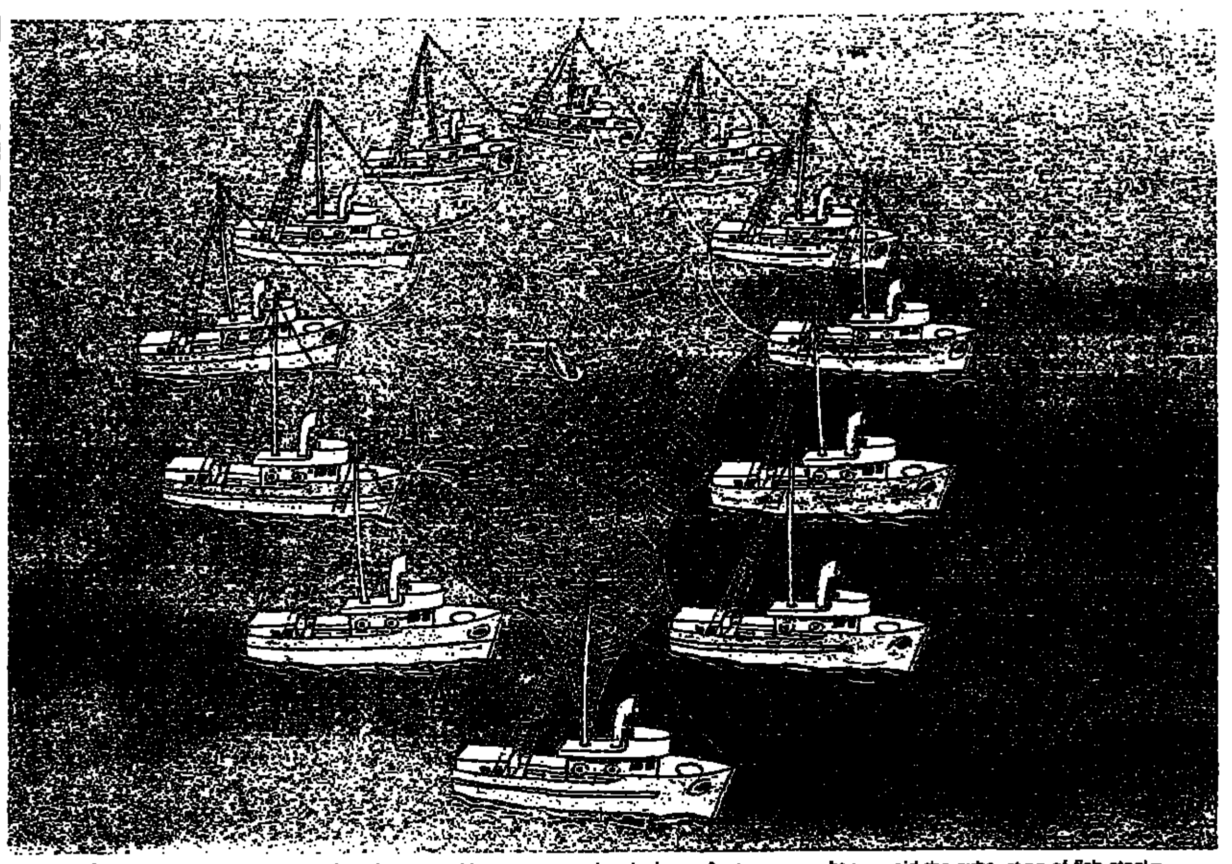
MONDAY 14

Task force in Albania

A UN-approved multinational force starts deploying in Albania to protect Durres port and Tirana international airport and oversee distribution of humanitarian aid. The 6,000-strong force is led by Italy and includes contingents from France, Spain, Greece, Turkey, Romania, Hungary and Slovenia. A caretaker government is trying to restore order after six weeks of political violence, but lawlessness prevails in much of the country. Rebel groups run towns in southern Albania while supporters of President Sali Berisha, the rightwing president, control parts of the mountainous north.

Curbs on EU fishing

Fisheries ministers meet in Luxembourg to try to agree on a controversial new "multi-annual guidance programme", or framework plan for EU fisheries, for the next four years. The original plan put forward last year by Emma Bonino, the EU fisheries commissioner, called for sweeping cuts of up to 40 per cent in North Sea fishing fleets to avoid exhausting fish stocks. However, a compromise is being discussed allowing EU states to avoid such savage fleet cuts by instead reducing catch sizes and the time boats spend at sea (to Apr 15).



NET PROFITS: EU fisheries ministers will today be seeking a compromise deal over fleet cuts sought to avoid the exhausting of fish stocks

EBRD reviews progress

Bankers, central bankers and finance ministers from the 26 former communist countries in which the European Bank for Reconstruction and Development (EBRD) operates review progress in their transition to capitalism at the bank's sixth annual meeting in London (to Apr 15). Private investment in the region is growing. But discussion will concentrate on the need for greater transparency, faster privatisation and the need for more efficient banks and other institutions.

Air pollution symposium

Margaretha de Boer, the Dutch environment minister, opens a four-day international symposium on air pollution, organised jointly by her ministry and the US Environmental Protection Agency. The gathering of experts, in the seaside town Noordwijk, is the fifth of its kind. Health risks from aerosols and the outlook for limiting vehicle emissions are on the agenda, as is integrated urban planning to minimise the effects.

Liechtenstein front splits

Europe's longest coalition government ends with the election of a new government in Liechtenstein. The 59-year-old coalition between the Progressive Citizen's Party and the Patriotic Union, which was created to provide a united front against the German Third Reich, collapsed last month. For the first time since before the second world war, Liechtenstein will have a major opposition party and the country's five government ministers, led by Mario Frick, 32, will all be from the Patriotic Union, the majority party. However, both are liberal/conservative parties and agree on the only sensitive political issue – the future of the monarchy.

Japan/South Korea talks

Yoo Chong Ha, the South Korean foreign minister, arrives in Japan (to Apr 16). He will meet Ryutaro Hashimoto, the Japanese prime minister, and Yukihiko Ikeda, the foreign minister, to discuss the tense situation on the Korean peninsular. South Korea has expressed interest in buying some of Japan's 3m ton rice stockpile to send as food aid to North Korea, but Japan is restricted in selling the grain it would most like to offload – foreign rice imported under a Gatt minimum access agreement.

Public holidays

Bangladesh, Honduras, Sri Lanka, Thailand, Myanmar.

TUESDAY 15

UN votes on human rights

The UN Human Rights Commission begins voting on resolutions condemning human rights violations in a number of individual countries including China. For the seventh successive year, Beijing is expected to escape formal condemnation of its human rights record, following the decision of several key European countries such as France and Germany not to support the resolution tabled by the US and Denmark among others. The 53-member commission, which ends its annual six-week session in Geneva on Friday, has come in for strong criticism from human rights groups for letting political considerations influence its decisions.

Public holidays

Georgia, Myanmar, Thailand.

WEDNESDAY 16

Czech mini-budget

The Czech government is to consider measures aimed at reviving a sluggish economy, raising savings levels and cutting the trade deficit. It is putting pressure on the central bank to ease a tight monetary policy, in return for which it appears set to make sweeping public spending cuts and clamp down on wage rises. There is speculation that the "mini-budget", likely to be announced on Thursday, might also apply import surcharges on cars and consumer goods. Czech economic growth slowed sharply in the first two months of 1997 while the trade deficit is close to $1bn already this year.

UK deadline for candidates

The British general election moves a step nearer with the passing of the deadline for the nomination of candidates. Several Labour constituency parties have had to hold rush selections after their MPs stood down unexpectedly. There has also been speculation that an independent Conservative candidate might stand in Tatton where the official Tory candidate, Neil Hamilton, has refused to step down in spite of calls from a minority of local party members concerned with allegations of "sleaze".

Orchids fair in Geneva

Part of Geneva's exhibition centre will be turned into a tropical forest complete with exotic birds for one of the world's biggest exhibitions of orchids (to Apr 20). Tens of thousands of orchids from Europe, Asia and Latin America will be on display, including some of the rarest species. The exhibition will coincide with a meeting of scientists, researchers and botanists to discuss recent discoveries and research on orchids, and how best to protect them in the natural environment.

Saleroom

One of the finest collections of books by Beatrix Potter comes under the hammer at Christie's East in New York. Assembled by antiquarian bookseller Doris Keen Frohnsdorff, it includes first editions of Potter's first two books, "A happy pair" (of which only six copies survive) and "Our dear relations", one of three known copies. They are estimated at up to $60,000 and $35,000 respectively and among more than 300 lots – the largest collection of Potter first editions to reach the market at any one time.

FT Survey

Portuguese Banking and Finance.

Public holidays

Nepal, Mynamar, United Arab Emirates.

THURSDAY 17

Germany awards Yeltsin

Boris Yeltsin, the Russian president, travels to Baden-Baden to collect his 1996 "newsmaker of the year" prize awarded by the German Media Control institute. Offering the eulogy will be Helmut Kohl, the chancellor, who won the prize himself in 1993. The winner is chosen by media editors. The two country's leaders will also hold formal talks, with the topics including the Russian parliament's backing of a law asserting Moscow's ownership of artistic masterpieces it seized during the second world war. The law was passed against the wishes of Germany and Mr Yeltsin.

Landless march in Brazil

Thousands of marchers from the Brazilian landless workers movement (MST) descend on the capital Brasília for a day of demonstrations to draw attention to the unequal distribution of land in Brazil. The event is the culmination of a one-month march from São Paulo. The MST has stepped up its policy of land invasions this year in an attempt to force the Brazilian government to accelerate distribution of unused land to rural workers.

Cricket

West Indies v India, Georgetown, Guyana, fifth test (to Apr 21).

FT Survey

The Battery Industry.

Public holidays

Bhutan, Iraq, Nepal, Syria, Myanmar.

FRIDAY 18

Aznar in Brasilia

Jose Maria Aznar, the prime minister of Spain, will be in Brasilia. Mr Aznar is expected to discuss a possible summit next year between the EU and Mercosur, the four-nation trade grouping in Latin America. On Saturday he leaves for Argentina, where he will be looking to cement political ties and boost bilateral trade.

WTO director in China

Renato Ruggiero, the director general of the World Trade Organisation (WTO), begins a seven-day visit to China to discuss the country's terms for joining the WTO. China wishes to become a member with "developing country" status, which allows it more lenient terms. However, some western countries argue that China's economy is now too big for it to be regarded as a developing country.

FT Surveys

FT Exporter: Foreign Exchange.

Public holidays

Kiribati, Singapore, Zimbabwe.

SATURDAY 19

Elections in Bulgaria

Bulgaria holds parliamentary elections called after street protests in January and February brought down the (formerly communist) Bulgarian Socialist Party government. Opinion polls forecast a win for the opposition conservatives, the United Democratic Forces. The new government must carry out painful economic reforms agreed in return for a new $650m loan from the International Monetary Fund. These include fast-track privatisation, price liberalisation and the establishment of a currency board to prevent a return to hyper-inflation.

SDP convention in Tokyo

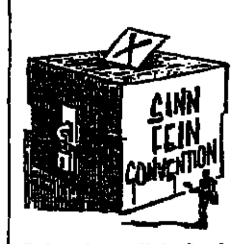
The Social Democratic Party (SDP), the larger of two non-cabinet allies of the ruling Liberal Democratic Party (LDP), holds a convention in Tokyo. Divisions have been emerging between the SDP and the LDP (which does not have an overall majority in the Diet), most recently over the LDP's plan to continue compulsory leases for US bases in Okinawa. The SDP has said it would like to break from the LDP later this year, and lead a political grouping similar to the Olive Tree Coalition in Italy.

Public holidays

Cuba, Swaziland, Uruguay, Venezuela.

SUNDAY 20

Ard fheis in Monaghan



The political leadership of the Irish republican movement meets in Monaghan for its annual convention or *ard fheis*. Sinn Féin, the political wing of the IRA, is expected to repeat its demand to be allowed to join Ulster's other constitutional parties in the multi-party talks due to reconvene outside Belfast in June. In spite of the absence of an IRA ceasefire, Sinn Fein is hoping to build on the 15 per cent of the vote it won last year. It is confident of winning at least two Westminster seats.

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ECONOMIC DIARY

Other economic news

Monday: This week's Ifo confidence index should give an indication of the German economic climate. The markets are looking for an index of 94.0 in March after 93.6 previously. Also out this week is the consumer price index, expected to have fallen from 1.7 per cent to 1.5 per cent in March.

Tuesday: The headline US consumer price index is forecast to have dropped from an annual 3.0 per cent in February to 2.9 per cent last month. Inflationary pressures are building up in several sectors but are neutralised by sharp falls in energy prices.

Wednesday: Strong economic growth in the US is forecast to have pushed up industrial production by 4.8 per cent during March after 3.8 per cent in February.

Thursday: The Bundesbank is to announce its 1996 profits. The markets are looking for more than DM11bn.

Friday: UK M4 is forecast to have risen by a year-on-year 10.8 per cent in March, after 11.2 per cent in February. The strong expansion of broad money gives rise to worries about inflation.

Statistics to be released this week

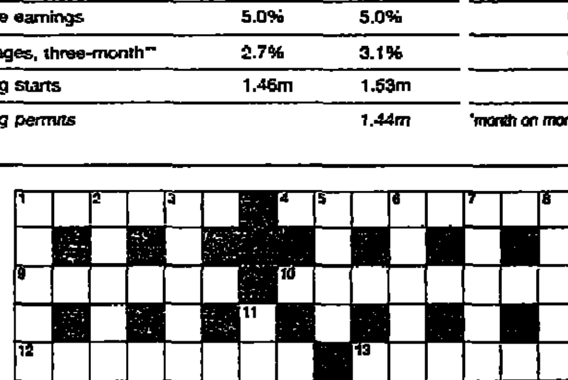
Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	Mar producer price index, input*	0.3%	-0.5%
April 14	UK	Mar producer price index, input**	-6.5%	-6.5%
	UK	Mar producer price index, output*	0.2%	0.0%
	UK	Mar producer price index, output**	1.3%	1.3%
	UK	Mar BRC retail survey		4.3%
	China	Mar trade balance		$2.1bn
Tue	Japan	Feb industrial production†		-3.4%P
April 15	Japan	Feb shipments†		-4.0%P
	Italy	Feb industrial production†*	1.0%	0.4%
	US	Mar CPI	0.2%	0.3%
	US	Mar CPI ex food and energy	0.3%	0.2%
	US	Feb business inventories	0.3%	0.1%
	US	Mar real earnings		2.4%
	Canada	Feb wage settlement inc**	1.2%	1.3%
	Mexico	Feb industrial activity**	7.96%	8.6%
	Poland	Mar CPI*		1.1%
	Poland	Mar CPI**		17.3%
Wed	Japan	Mar Tokyo dept store sales**		-2.1%
April 16	Italy	Feb producer price index**	0.9%	0.9%
	UK	Mar PSBR	£9.0bn	£3.6bn
	UK	Mar unemployment	-40K	-68K
	UK	Feb average earnings	5.0%	5.0%
	UK	Feb unit wages, three-month**	2.7%	3.1%
	US	Mar housing starts	1.46m	1.53m
	US	Mar building permits		1.44m
	Canada	Feb manufacturing, new orders	0.8%	4.3%
	US	Mar industrial production	0.5%	0.5%
	US	Mar capacity utilisation	83.5%	83.3%
	Japan	Mar money supply (M2+CD)**	3.0%	3.0%
	Japan	Mar broad liquidity**		3.8%
Thur	H' Kong	Unemployment (Jan-Mar)		2.4%
April 17	UK	Mar retail price index*	0.4%	0.4%
	UK	Mar retail price index**	2.7%	2.7%
	UK	Mar retail price index X**	2.8%	2.9%
	US	Feb trade: goods and services	-$11.0bn	-$12.7bn
	US	Feb goods and services, export (BOP)	$71.0bn	$70.8bn
	US	Feb goods and services, import (BOP)	$82.4bn	$83.5bn
	US	M1, week ended April 7		$9.7bn
	US	M2, week ended April 7		$13.2bn
	US	M3, week ended April 7		$17.6bn
Fri	UK	Mar M4*	0.6%	1.4%
April 18	UK	Mar M4**	10.8%	11.3%
During the week...				
	Russia	Mar producer price index*		1.6%
	Germany	Mar final cost of living, west*		0.3%
	Germany	Mar final cost of living, west**		1.7%
	Germany	Mar final cost of living, pan-Ger'ny*	-0.1%	0.4%
	Germany	Mar final cost of living, pan-Ger'ny**	1.5%	1.7%
	Malaysia	Feb industrial production		1.4%

*month on month. **year on year, †seasonally adjusted. *Statistics, courtesy MMS International.*

MONDAY PRIZE CROSSWORD
No.9,348 Set by DANTE

ACROSS
1 A hint of a rise (6)
4 It's touching when a radio entertainer gets a little money (8)
9 Do sour ingredients make smells? Yes! (6)
10 They are engaged in outdoor pursuits (8)
12 Informal invitation to sit – not only in church (4,1,3)
13 A top man in the building trade (6)
15 Princess goes to alternative dress designer (4)
16 Inflationary turn of the screw? (4,6)
19 Fairy tales may give security for children, say (6-4)
20 This island is home for a goddess (4)
23 Am having a nap returning to the country (6)
25 One working half the time on tick? (6)
27 No one is missing full board and lodging (3,5)
28 Depression influenced my rise (6)
29 Key to fire engine? (8)
30 Tasted, perhaps, and expressed an opinion (6)

DOWN
1 A sundry debtor not allowed to develop (7)
2 Putting away for twelve hours in this (5-4)
3 Regular girl student (6)
5 Market's worst seller (4)
6 Bet a long striding gait is natural to it (8)
7 Worker encountered me coming up first (5)
8 A growing attachment (7)
11 Rips are put in order by mending (7)
14 Determined detectives in action (7)
17 Like a bouncer, putting one right in the balance (9)
18 Put an end to a current measure in drink (5,3)
19 Highly vocal females cause trouble in a prison (7)
21 Even this dog will have his day, some day perhaps! (7)
22 Unable to direct course of publicity discord (6)
24 Only order northern fabric (5)
26 Prepare for take-off? (4)



WINNERS 9,337: Mrs C. Greig, Bearsden, Glasgow; B.S. Dutton, Chelmsford, Essex; L and G Marshall, Poole, Dorset; Mrs S. Uphill, Morecambe, Lancashire

Six bottles of Davys Celebration Champagne for the first correct solution opened and three runner-up prizes of £40 Davys food and wine vouchers redeemable in person or by post. These prizes are available only to winners living in England, Scotland and Wales. Winners with overseas addresses will receive a set of silver-plated place name bases and cards. Solutions by Thursday April 24, marked Monday Crossword 9,348 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday April 28. Please allow 28 days for delivery of prizes.

Name...

Address...

....

Solution 9,337

JOTTER PAD